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TODAY: SPORTS Section, Pages 18-20

Real-Life Issues: What Clinton and Dole Aren't Talking About

By David S. Broder
Washington Post Service

WASHINGTON — The presidential campaign this year has featured gender gaps and generation gaps. But the biggest and most persistent gap of all — and one that was most likely to be on display in Sunday night's presidential debate — is between the often contrived "issues" the parties and their nominees put forward and the real-world problems awaiting the winner when he sits down in the Oval Office.

There is a widespread complaint from both the right and the left that the 1996 campaign has done little to prepare the country for those challenges. Missing from the dialogue between President Bill Clinton and Bob Dole are issues ranging from the possible "implosion" of North Korea to the explosive problem of urban unemployment and welfare's diminishing safety net.

"The question," said Jeffrey Eisenach of the Progress & Freedom Foundation, an adviser to the House speaker, Newt Gingrich of Georgia,

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"is, What is being talked about? Dole has one big idea — a 15-percent cut in income tax rates — and Clinton has a million little ones. But in between, everything is being missed."

Will Marshall of the Progressive Policy Institute, a favorite of the Clinton White House, said such large issues as the overhaul of the education, retirement and health care systems were being avoided because "they're complicated and dangerous."

"Big systemic changes activate the antennae of powerful political interests, and a lot of politicians don't think the campaign is the time to take on big adversaries," he said. "But sometimes presidential elections are the best time to clarify issues or focus the nation's attention on emerging problems. And that is not happening."

Half a dozen scholars and policy brokers interviewed made the point that foreign policy — beyond finger-pointing — has barely been mentioned in the campaign.

"We have postponed since the fall of the Berlin Wall discussing what kind of American presence we want to project in the world," said Maureen Steinbruner of the Center for National Policy. "I am struck dumb by the extent we are focused inward, when we ought to be focused outward. That is a tough issue for politicians to raise, but it's got to be done."

Even on the domestic front, the think tank analysts say the candidates are just nibbling around the edges of big issues. Education is a favorite example.

Mr. Clinton has proposed modest aid for repairing schools and wiring them to computer channels. Mr. Dole has offered a pilot program of school vouchers. But many see a need for much more serious debate.

Fred Bergsten of the Institute for International Economics, a specialist in trade issues, said: "The more I look at our productivity problem, which underlies the complaints about stagnant wages and incomes, the more I understand that we can't deal with it without doing something fundamental about our lousy education system. We need to be talking about how we make national standards effective in a system with 15,000 separate school boards."

The school problem is part of a complex of urban issues that scholars of all kinds say are not being discussed seriously.

"One key issue," said Geoffrey Faux of the

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Siege of Russia's Army

Post-Soviet Debt and Corruption Spin Once-Vaunted Force Into a Free Fall

By David Hoffman
Washington Post Service

KUPAVNA, Russia — The forbidding fence surrounding the Kupavinsky Naval Garrison near Moscow once had an important function: to keep people out.

In the Soviet era, especially in the "years of stagnation" when shops were empty and lines were long, the naval officers inside the garrison had a more comfortable life. The store was stocked with food and there were no lines. Villagers and townsfolk envied them and would try to sneak through holes in the fence just to buy a piece of sausage.

But the tables have turned. The officers who live in this aged garrison are desperate to get out. They are trying to find odd jobs in Moscow, assembling furniture or guarding warehouses, to survive.

"Everybody already dreams about retiring as soon as they can, and at least getting a minimal pension, some benefits and that's it," said Oleg, 33, a naval engineer. "I have three and a half years left. I'll wait for them to end and I'll leave."

The shift in fortunes at the Kupavinsky garrison is a metaphor for the cancer that is eating away at the sinews of the 1.5 million-member Russian military. Nearly five years after the fall of the Soviet Union, the military is caught in a cycle of corrosion and collapse.

Although Russia continues to be a nuclear power capable of global destruction, its troops are in a state of confusion and dispersion. The humiliating defeat in Chechnya at the hands of a guerrilla band was the latest sign of a long-running and still unchecked free fall for what remains of the Soviet army.

Whether the decline can be stopped any time soon seems doubtful given Russia's continuing economic slide. The country simply cannot afford the run-down, weakened military it has, and five years of talk about the need for a far smaller, professional army have gone nowhere.

The government is all but paralyzed by the continuing leadership contest in the shadow of an ailing President Boris Yeltsin, and prospects are dim for the painful restructuring that the military needs and that Mr. Yeltsin promised in his campaign.

Although Mr. Yeltsin pledged to end conscription and create an all-volunteer army by 2000, the military brass has been backpedaling.

In recent weeks, the military has mounted yet another lobbying campaign for more money. The Defense Ministry's debts stand at about $5 billion, or a quarter of its annual budget.

The new defense minister, Igor Rodionov, urged civilian workers in defense factories to picket Parliament, and the military's newspaper, Krasnaya Zvezda, has been filled with tales of woe from soldiers and sailors. In response, Mr. Yeltsin ordered the creation of a new high-level defense council, which met for the first time recently.

The army's fate has important implications for the West. Its weakness is a damper on Moscow's ability to threaten. Its money problems are an

See RUSSIA, Page 11



Paul Hanna/Reuters

POPE-WATCHING — A nun using binoculars to follow a beatification service Sunday in St. Peter's Square. John Paul II, below, asked the world's Roman Catholics to pray for him shortly before he was to enter a Rome hospital to undergo surgery Tuesday for "periodic inflammation of the appendix." Page 10.

AGENDA

EU Makes Deadline Vow

European Union leaders have moved to stem the drift in the bloc's constitutional reform talks, pledging to reach agreement on major changes by June and to avoid any delay to the membership ambitions of East European countries. The leaders failed, however, to give any idea of how they would resolve the institutional issues of power-sharing that lie at the heart of the conference.

The gathering also underscored Britain's increasing estrangement from the EU mainstream. Prime Minister John Major skipped the leaders' dinner Saturday to return to London to prepare for this week's Conservative Party conference. He also got into a public spat with the European Parliament president over Britain's tactics during the "mad cow" affair and lashed out at the leaders of Austria, the Netherlands and Portugal for having endorsed Tony Blair, the leader of Britain's opposition Labor Party. (Page 5)

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Lauren Mellor/Reuters

U.S. Seeks 'Concrete' Peace Steps In Mideast

Christopher Calls For Quick Results As New Talks Open

By Serge Schmemann
New York Times Service

EREZ CHECKPOINT, Israel — Spurred on by Secretary of State Warren Christopher, Israelis and Palestinians sat down Sunday to the urgent negotiations agreed to in Washington in an effort to salvage their peace after the outburst of violence last month.

Though all sides avoided making predictions or setting deadlines, there was no hiding that the central focus of the talks was the long-delayed Israeli withdrawal from most of Hebron, and the new Israeli demands arising from last month's shootings to enhance the security of the small Jewish enclaves at the center of the West Bank city.

[The first round of talks ended with an agreement to set up a committee to work on the Israeli troop redeployment from Hebron, Reuters reported.]

Though the talks were officially negotiations that had been delayed by the violence, the prominent place taken at

The main task in the Mideast is repairing the lost trust. Page 11.

the negotiating table by Mr. Christopher's chief Mideast coordinator, Dennis Ross, and Mr. Christopher's own meetings with Prime Minister Benjamin Netanyahu and Yasser Arafat, the Palestinian leader, made clear that the United States was determined to press for quick and tangible results.

"The recent violence has demonstrated the great urgency of reaching some concrete results just as soon as possible," Mr. Christopher said at a news conference after meeting with Mr. Netanyahu in Jerusalem.

"The situation has eased somewhat, but it is still a dangerous situation," he said two hours later after meeting Mr.Arafat in the Gaza Strip.

Mr. Christopher, Mr. Netanyahu and Mr. Arafat did not attend the opening session of the negotiations, held at Erez on the Israeli side of the Israeli-Gaza border. The session was described as largely organizational, and after one or two days the negotiating teams were expected to retire to a secluded site for intensive and continual talks.

■ Goal Set in Washington

The negotiations were the main achievement of President Bill Clinton's hastily convened summit meeting to save five years of U.S.-mediated peace talks, news agencies reported earlier.

An Israeli official said Mr. Clinton had let both sides know that he expected results within 45 days.

Mr. Netanyahu, whose decision to open a tunnel near Jerusalem's holiest Muslim site, touched off the violence that left 15 Israeli soldiers and 60 Palestinians dead, said Israel sought a joint recommitment with the Palestinians to their peace accords.

But he declined to set a date for a troop pullout from Hebron. "What we

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North Korea Says It Seized U.S. Agent Sent by South

By Nicholas D. Kristof
New York Times Service

TOKYO — North Korea announced Sunday that it had arrested an American and would imprison him for espionage.

Such a step is certain to strain relations between the United States and the Communist government in North Korea, as well as add to the tensions on the Korean Peninsula.

The North Korean authorities identified the American as Evan Carl Hunzike, but it did not give his age or hometown or describe him further. Some U.S. officials reached Sunday said they had never heard the name, and a search of databases listing most Americans turned up no sign of such a person.

The North Korean Central News Agency said that its police had arrested Mr. Hunzike when he illegally slipped from China across the Amnok River, known in English as the Yalu. The report said this had happened on Aug. 24, without explaining the delay in making the announcement.

"He admitted that he is a U.S. citizen and he illegally entered" to gather information, the dispatch said. It added, "It has been proven by investigation that he was sent for espionage by South Korea's Agency for National Security Planning."

The dispatch concluded that Mr. Hunzike "will have to take an appropriate penal responsibility" under North Korean criminal law.

In the past, North Korea has occasionally shot down American aircraft or detained American vessels, but this is apparently the first time the North has reported the seizure of an American sneaking into the country in this way. In 1968, North Korea seized an American intelligence-gathering ship, the Pueblo, and held its crew for nearly a year, but no Americans are known to have been detained on criminal charges in North Korea recently.

"It doesn't add up," said a longtime American specialist on North Korean intelligence. "It's hard to imagine anyone in his right mind sneaking across from China."

If South Korea wanted to recruit someone to spy on North Korea, analysts said, it would be smarter than trying to hire an American to sneak across the border.

[The United States has asked Sweden, whose chargé d'affaires represents American interests in Pyongyang, to help gather information about the espionage accusations, Reuters reported from Washington.]

If North Korea really has an American citizen in custody, it may hope to use him as a bargaining chip to gain American attention and enter into negotiations before eventually releasing him. The North may also hope to gain propaganda points by accusing an American of espionage, diverting attention from a recent incident in which a North Korean submarine grounded off South Korea's east coast and 26 North Koreans slipped ashore.

About 40,000 South Korean troops are still searching for the last three of those North Korean infiltrators. The others have been killed or captured.

Newsstand Prices

Andorra	10.00 FF	Lebanon	11,3,000
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Gabon	1100 CFA	Senegal	1,100 CFA
Greece	350 Dr.	Spain	225 PTAS
Italy	2,800 Lire	Tunisia	1,250 Din
Ivory Coast	1,250 CFA	U.A.E.	10.00 Dirh
Jordan	1,250 JD	U.S. Mil. (Eur.)	$1.20

Inquiry to Put Swiss Neutrality on Trial

Questions Over Dealings in World War II Strike at National Identity

By Alan Cowell
New York Times Service

ZURICH — The sustaining myths of Switzerland suddenly seem as vulnerable as that apple on the young Tell's head.

With greater intensity than at any time in a half-century, Switzerland's 7 million people are being pressed to look back at the moral ground on which their survival was built in

NEWS ANALYSIS

World War II. Public reports based on newly released American and British intelligence documents chronicling unsavory Swiss dealings with Nazi Germany have badly dented the country's reputation for probity — the very stock-in-trade of its financiers.

In response, the government has promised an inquiry by historians and jurists to study, over a leisurely five years, the whole gamut of Switzerland's dealings with the Third Reich, including the fate of accounts set up by Jews who later perished in the Holocaust and of gold looted by the Nazis and then sold to the Swiss National Bank.

But the reports evoke passions that run much deeper than the bank vaults under scrutiny, confronting the Swiss with one central question: Were they, or their forebears, the Holocaust's greatest profiteers, trading not just in stolen bullion but also in gold, jewelry, paintings and other assets belonging to Hitler's victims?

The answers lie partly in the hard-nosed survival instincts of an idiosyncratic confederation of 26 cantons, each as jealous of its own individual powers as the whole country is of its independence and identity.

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Not for Love or Money: Japan's Women Say No to More Kids

By Nicholas D. Kristof
New York Times Service

KYOKUSHI, Japan — It is not that the young women strolling the meandering alleys of this sun-dappled farming village in southern Japan are lazy or dishonest or impolite. No, the problem, at least as old folks and local officials see it, is just that they have almost stopped having babies.

The latest statistics, released recently, show that Japan's birthrate hit a new low last year, and a government projection now suggests that the population will fall by more than half over the next century.

It is forecast to tumble to 55 million in 2100, from 125 million today.

Reflecting the unease, a weekly magazine went even further and calculated that in the year 3000, if trends continue, the population will dwindle to 45,000.

No one has worked out just when Japan will be down to a final, childless couple, a reverse Adam and Eve, postgenitors of the race, but there is agreement that such a trend would not be reassuring for housing prices.

Tumbling birthrates are a growing concern in much of the industrialized world — indeed, the United States is one of the few major countries with a rough balance. While fertility rates are leading to exploding populations in much of the Third World, in most of Europe and the industrialized world they are well below the replacement level needed to sustain a population.

"My husband doesn't want kids at all, and I don't particularly want them either," said Naomi Hamada, a 28-year-old Tokyo homemaker.

"My husband just doesn't like them. He doesn't like annoying things. And since he wouldn't help out raising them, I don't want kids, either."

Because of people like the Hamadas, Japanese women are now expected to have just 1.4 babies on average. It takes just over 2 babies per woman, roughly the level in the United States, to maintain a population in the long run.

This figure, called the total fertility rate, is even lower in a few other places: 1.2 in Germany, Spain and Hong Kong, and 1.3 in Italy.

So officials here in Kyokushi — and around the world — have been debating how to make people make more babies.

"There are several ways to encourage people to have more babies," said Mayor Masahide Iwane, who has four children and 12 grandchildren. "For starters we thought we would offer a congratulatory reward to mothers of a fourth child, to show our community's desire for more babies."

So any woman in town will get a gift of almost $5,000 upon the birth of a fourth or subsequent child. To lure fecund types to Kyokushi, which is on the southern island of Kyushu, the town will

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When Planes Crash / **The Struggle Behind the Scenes**

How a 'Tough' Airline Insurer Operates

By Adam Bryant and Barry Meir
New York Times Service

NEW YORK — For more than two months, as the families of those who died aboard Trans World Airlines Flight 800 have waited to learn the disaster's cause, many have asked another question: How will they be compensated for their grief?

The answer may depend largely on the actions of United States Aviation Underwriters, TWA's insurance company.

So far, U.S. Aviation has maintained a low profile. But in handling other deadly air disasters, like the 1988 bombing of Pan Am Flight 103 over Lockerbie, Scotland, and the 1987 crash of a Pacific Southwest Airlines plane in California, the insurer has played legal hardball with victims' loved ones, and has even been convicted of fraud.

In July, both U.S. Aviation and its former chairman, John V. Brennan, were found guilty by a federal jury in New York of 43 counts of mail fraud for a scheme to make other insurers pick up the company's costs arising from the Pacific Southwest crash.

And in 1992, the Justice Department accused a lawyer hired by U.S. Aviation to represent Pan Am in the Lockerbie case of using a deceptive legal strategy in an effort to evade legal responsibility for the disaster. The company has maintained that it did nothing wrong and a judge declined to sanction the lawyer, but government officials are still seeking documents on U.S. Aviation's role in the Pan Am case.

Insuring an airline is a huge gamble. Each time a passenger jet takes off, the airline might carry $1 billion or more in insurance for that flight. That coverage is spread among many insurance companies that hedge their bets by selling off much of their risk to yet other insurers.

One company, however, must take charge after a crash, helping to lead an airline's defense against the inevitable lawsuits. U.S. Aviation, which represents a pool of insurers like Aetna and Travelers, has specialized in that role and is now the lead insurer for four large airlines: TWA, Delta, Continental and America West.

The job entails confrontation. In crashes, it is often up to the insurance company to battle lawyers trying to win large awards for the families of victims. To that end, insurers sometimes pursue theories about the cause of a crash that might reduce the airline's liability.

They also look into the personal and professional backgrounds of victims for information that may be used to limit the dollar value placed on the victims' lives.

But U.S. Aviation, a subsidiary of the huge, publicly traded General Re Corp. of Stamford, Connecticut, has developed a reputation as an unusually aggressive advocate for the airlines and the insurance companies it represents.

Apart from its handling of the Pan Am 103 and Pacific Southwest Airlines disasters, the company has been criticized for prying into victims' lives.

In a widely publicized case stemming from a 1985 crash of a Delta Air Lines jet in Dallas, lawyers hired by U.S. Aviation dredged up information that a passenger was gay — a fact unknown to his parents — in an unsuccessful bid to assert that he was therefore more likely to contract AIDS, which would reduce his life expectancy and thus his future earnings.

"U.S. Aviation is a tough, tough company — probably the toughest of all," said Lee S. Kreindler, a plaintiffs' lawyer who has handled lawsuits arising from dozens of crashes and has been the lead counsel in the Pan Am 103 case.

Insurance experts say the recent conviction on federal fraud charges in New York simply underscored how executives of U.S. Aviation — and to a lesser degree, some other aviation insurers — at times put their own interests ahead of the needs of the airlines they insure, ahead of victims' families and even ahead of other insurance companies that jointly provide coverage with U.S. Aviation.

"This should be a wake-up call to the aviation insurance industry to re-evaluate its tactics," said Thomas H. Speedy Rice, professor of aviation law at Gonzaga University in Spokane, Washington.

U.S. Aviation and Mr. Brennan, who retired from the company in 1994, have both said they will appeal their convictions. Harold J. Clark, now the chairman of U.S. Aviation, said that his company had acted fairly throughout its 68-year history, and that it was the victim of overzealous prosecutors who did not understand the aviation insurance business.

"This verdict has criminalized routine, good-faith business decisions," Mr. Clark said of the federal jury's findings.

But Alan B. Vickery, the assistant district attorney who led the prosecution of the New York case, said the essential facts of the case were easy to grasp. "U.S. Aviation is continuing to hide behind the complexity of the industry," he said, "but what they actually tried to pull off was straightforward, garden-variety fraud."



Duane Hall/The New York Times

Robert Alpert, who left U.S. Aviation after disagreements with the company's chairman.



Ruby Washington/The New York Times

Marie Monnin and Olivier Michel, whose brother died in the TWA crash. The families can only wait to learn the disaster's cause.

In the aftermath of the Flight 800 crash, TWA said it had been pleased so far with U.S. Aviation. The insurer, said Mark Abels, a TWA spokesman, has also "shown appropriate restraint" by waiting to pursue settlement discussions.

IN MANY WAYS, the recent federal criminal investigation of U.S. Aviation grew out of a clash between two strong-willed men who built their reputations there: Mr. Brennan, its former chairman, and Robert Alpert, once a rising star in the company.

Mr. Alpert left U.S. Aviation in 1989 after disagreements with Mr. Brennan, and then turned on his former boss with a moralistic fervor, eventually becoming an important government witness against him.

But federal investigators might never have met Mr. Alpert had it not been for a private investigator in New York named Juval Aviv.

After the bombing of Pan Am Flight 103 on Dec. 21, 1988, which killed all 259 people aboard, Mr. Aviv, who claimed to be a former agent of Mossad, the Israeli spy agency, got in touch with U.S. Aviation lawyers to suggest an unusual theory of how the bombing occurred.

American investigators believed that terrorists had placed a bomb inside a piece of unaccompanied luggage from Malta that was loaded on a Pan Am flight leaving Frankfurt, and then transferred onto the ill-fated 747 that left from London. In 1991, the Justice Department indicted two Libyans in connection with the bombing, though they remain free.

Mr. Aviv, however, offered another theory. He asserted that American intelligence agents, as part of a broader sting operation, were allowing areas of the German airport to be used for drug smuggling, and that terrorists took advantage of that situation to place a bomb on the plane.

U.S. Aviation hired Mr. Aviv to investigate his assertions, but he provided little evidence of them, Mr. Alpert and others involved in the investigation said.

Nonetheless, Pan Am and U.S. Aviation continued their search for a government link, filing a motion to make the United States government a defendant in the Lockerbie civil litigation.

Mr. Clark said it was his company's duty to investigate all possible causes of the bombing. "We wanted to learn what the government knew," he said. "Our mind-set was that we could try and win that case."

But soon after the bombing, some executives and lawyers working for U.S. Aviation were skeptical about its chances, company memos indicate. Lawyers hired by the insurer had found that Pan Am's security at Frankfurt was "woefully inadequate," according to a July 1989 memo written to Mr. Brennan by Mr. Alpert.

In that memo, Mr. Alpert said he and the lawyers also believed that the airline's chances were "slim to nonexistent" of escaping a jury verdict of "willful misconduct" for ignoring serious security lapses.

Such a finding would sweep aside the $75,000-a-passenger limit on the airline's liability under international treaty, leaving Pan Am vulnerable to paying individual awards of millions of dollars.

Still, the possibility of government involvement remained an important part of Pan Am's legal strategy.

Once the trial was under way, however, Pan Am and U.S. Aviation never introduced any evidence of government involvement, and the jury found the airline liable for willful misconduct.

Paul Hudson, whose 16-year-old daughter was killed on Flight 103, said that U.S. Aviation's long pursuit of an unsupported theory put his and other victims' families on a needless roller coaster. "It sowed a lot of emotional pain and anxiety," he said.

The Long, Anxious Wait for Return of TWA Crash Victims' Effects

By Serge F. Kovaleski
Washington Post Service

BRIDGEWATER, Connecticut — Julie Stuart thought the diamond engagement ring her boyfriend planned to slip on her finger during a vacation in Paris had vanished in the Atlantic Ocean when he died in the crash of Trans World Airlines Flight 800.

Then she saw the Aug. 1 issue of Paris Match magazine. It featured a large color photograph of what Ms. Stuart said was the ring — intact in its box and cradled in the hands of a crash investigator — that she and Andrew Krukar had chosen together. Salvage workers found it floating amid the miles of charred TWA wreckage within 24 hours of the July 17 disaster. Since then, Ms. Stuart has been anxiously awaiting the return of what she calls the symbol of the couple's love. "It's something I will cherish for the rest of my life," she said.

In the two months that U.S. Navy divers have been scouring the ocean floor for debris, they have recovered thousands of similar vestiges of 230 lives — dolls, photo albums, wallets, credit cards, a Bible, daily planners, clothing, a boogie board, toiletries, luggage — that other bereaved people like Ms. Stuart desperately want as remembrances.

The personal effects have been stored on the second floor of a hangar in Calverton, New York, where giant fans swirl constantly to prevent mildew. But now, federal law enforcement authorities have decided to begin releasing some of the belongings to relatives.

Some families have already received personal effects. Valuables found on the bodies that were recovered were handed over after the remains had been positively identified, forensic analyses on bodies had been completed and the FBI had examined the possessions in the coroner's morgue.

But the process of returning most of the items collected from the ocean and the wreckage could take months, if not longer, because some of them might provide clues to help solve the mystery of what brought down the plane.

The FBI has allowed such valuables as jewelry and money to be released. They have been kept in a safe in Calverton where they were analyzed, tested and catalogued. Criminal investigators have determined that those personal effects hold no clues to the crash.

The release of larger items, like luggage and clothing, not all of which have been thoroughly examined, is more complicated. Those articles, some of which were stored near the plane's center fuel tank, where a huge explosion occurred before the 747 crashed, could help determine whether a terrorist act was responsible for the disaster.

"Some of the effects could be potential evidence, so we don't want to release them right now," said James Kallstrom, the FBI agent leading the investigation into the crash. "But we understand the victims' families have a desire to have these effects and we will do everything to return them as soon as possible."

Investigators said they did not want to risk tainting possible pieces of evidence by releasing them hastily, only to determine that they are needed as part of the inquiry. "Say we find out soon that a bomb planted under seat 21A or wherever went off and caused the crash," an investigator said. "Then the luggage under that seat or above it becomes important to us from a forensic standpoint."

In the 1988 bombing of Pan Am Flight 103 over Lockerbie, Scotland, a piece of luggage in which the device had been placed served as a crucial piece of forensic evidence.

Ms. Stuart, meanwhile, is still waiting for the ring. But it apparently is caught in a legal and bureaucratic limbo.

"When I found out it had been recovered," Ms. Stuart said, "I thought maybe Andy wanted to get it floating out there so he could send me a sign from his afterlife. It is pretty miraculous."

TRAVEL UPDATE

Oktoberfest a Success

MUNICH (AP) — Visitors to this year's Oktoberfest in the Bavarian capital were apparently hungrier and thirstier than last year.

On the closing day of the 16-day festival on Sunday, Mayor Christian Ude reported that attendance was up 3 percent, to 6.9 million, while consumption of beer and food rose 6 percent over 1995. Mr. Ude called the annual extravaganza an "unexpected success economically."

To help ease congestion next year on the Theresenwiese, where the festival's beer tents and carnival rides are concentrated, Mr. Ude said both of Munich's professional soccer teams had agreed not to schedule home games on Saturdays during Oktoberfest.

A malaria epidemic sweeping across the northern Indian state of Rajasthan has left nearly 300 people dead, the Press Trust of India said. Almost a third of the deaths occurred in the desert state's Alwar district, followed by Dholpur, with 70 deaths, and the state capital, Jaipur, with 63. The mosquito-borne epidemic has been building up since the monsoon season began about two months ago. The Press Trust quoted officials as saying that about 120,000 people were found to have malaria in the state, which borders New Delhi. *(AP)*

Air UK, a carrier 45 percent owned by KLM, said it would stop serving Madrid and Nice from London's Stansted Airport beginning Oct. 27 because it is losing money on the routes. The routes have faced competition from a growing number of new low-fare airlines in the last year. *(Bloomberg)*

DUTY FREE ADVISORY

Via Abu Dhabi or Al Ain

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DEATH NOTICE

Donald J. Johnston,
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deeply regrets to announce the
death of
Jonkheer Emile van Lennep
Secretary General of the
Organisation from 1969 to 1984
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and joins with
Members of the Council
and Members of the Secretariat
of the Organisation
in expressing deep sorrow

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WEATHER

Forecast for Tuesday through Thursday, as provided by AccuWeather.



North America
The Pacific Northwest will be unseasonably warm for midweek with high temperatures averaging 10-15 degrees above normal. Some rain seems likely for cities like Washington, D.C., Philadelphia and New York City with an upper-level trough in place over the East.

Europe
Comfortable with sunshine in London, but it may shower Wednesday. A storm in the Mediterranean will continue to bring windy, cool weather to Rome with drenching rain in northern Italy and snow in the Alps. Madrid and Athens will also be quite cool, but mainly dry with some sunshine.

Asia
Sunny and mild in Beijing Tuesday, but showers Wednesday will be followed by cooler weather. Seoul will be sunny and mild through the period. Tokyo will have showers Tuesday, then cooler with sunshine into Thursday. Clouds and showers will be the rule for Hong Kong; heavy rain is possible.

Europe

	Today High	Today Low/W	Tomorrow High	Tomorrow Low/W
	C/F	C/F	C/F	C/F
Algarve	19/66	11/52 s	21/70	13/55 s
Amsterdam	16/61	9/48 pc	16/61	9/48 pc
Ankara	23/73	8/43 pc	22/71	8/43 c
Athens	23/73	17/62 pc	24/75	16/61 s
Barcelona	16/61	11/52 c	17/62	12/53 c
Belgrade	20/68	10/50 c	21/70	11/52 c
Berlin	16/61	7/44 s	17/62	9/48 pc
Brussels	16/61	8/46 s	17/62	8/46 pc
Budapest	19/66	10/50 pc	20/68	9/48 c
Copenhagen	13/55	8/46 c	14/57	8/46 c
Costa Del Sol	17/62	9/48 s	21/70	13/55 s
Dublin	16/61	7/44 r	12/53	7/44 s
Edinburgh	15/59	6/41 r	12/53	6/43 pc
Florence	18/64	14/57 r	19/66	13/55 r
Frankfurt	16/61	8/43 s	18/64	8/46 pc
Geneva	15/59	10/50 r	16/61	9/48 r
Helsinki	13/55	10/50 c	13/55	9/48 r
Istanbul	19/66	13/55 c	19/66	12/53 pc
Las Palmas	25/73	18/64 s	22/71	17/62 s
Lisbon	17/62	12/53 pc	19/66	12/53 s
London	18/61	11/52 r	16/61	10/50 r
Madrid	17/62	2/35 s	19/66	7/44 pc
Malaga	19/61	13/53 c	18/61	13/55 c
Milan	17/62	13/55 r	17/62	12/53 sh
Moscow	13/55	7/44 pc	13/55	9/46 c
Munich	14/57	7/44 r	15/61	8/46 r
Nice	18/64	17/62 r	20/68	14/57 t
Oslo	15/59	11/52 r	13/55	8/43 pc
Paris	14/57	7/44 pc	18/61	7/44 pc
Prague	16/61	7/44 c	18/64	8/46 c
Reykjavik	6/43	2/35 r	7/44	2/35 r
Rome	23/71	15/59 t	22/71	14/57 t
St. Petersburg	13/55	11/52 r	14/57	13/55 r
Stockholm	14/57	11/52 c	15/59	9/48 c
Strasbourg	16/61	11/52 c	18/64	11/52 r
Tallinn	13/55	11/52 c	14/57	9/46 r
Venice	18/61	13/55 r	17/62	12/53 sh
Vienna	17/62	9/48 c	17/62	9/48 c
Warsaw	15/59	5/41 pc	16/61	6/43 s
Zurich	16/61	12/53 r	18/61	11/52 r

Middle East

Abu Dhabi	34/93	22/71 s	36/97	21/70 s
Beirut	26/79	19/64 s	23/73	18/64 pc
Cairo	31/88	17/62 s	31/88	18/64 s
Damascus	30/86	11/52 s	27/80	14/57 pc
Jerusalem	27/80	12/53 s	29/78	14/57 pc
Luxor	39/102	16/61 s	38/100	16/61 s
Riyadh	39/102	19/66 s	38/100	21/70 s

North America

	Today High	Today Low/W	Tomorrow High	Tomorrow Low/W
	C/F	C/F	C/F	C/F
Anchorage	7/44	-1/31 pc	4/39	-4/25 r
Atlanta	22/71	13/55 pc	24/75	13/55 pc
Boston	19/66	11/52 c	18/64	11/52 pc
Chicago	16/61	5/41 c	17/62	7/44 pc
Dallas	28/82	15/59 s	28/84	17/62 s
Denver	24/75	7/44 s	28/82	9/48 s
Detroit	17/62	8/46 c	17/62	7/44 pc
Honolulu	32/89	23/73 pc	32/89	23/73 pc
Houston	27/80	16/61 pc	28/82	16/61 s
Los Angeles	33/91	20/68 s	36/97	20/68 pc
Miami	31/88	22/73 t	32/89	25/77 s
Minneapolis	15/55	4/39 s	16/61	5/41 pc
Montreal	16/61	9/48 r	17/62	8/46 pc
Nassau	33/89	24/75 t	33/91	25/77 pc
New York	20/68	13/55 s	21/70	14/57 pc
Orlando	28/82	22/71 sh	29/84	22/71 t
Phoenix	41/106	23/73 s	39/102	23/73 s
San Fran.	20/79	15/59 s	27/80	14/57 s
Seattle	20/68	13/55 pc	22/71	14/57 pc
Toronto	18/64	8/46 r	17/62	7/44 pc
Vancouver	18/64	14/57 c	24/75	17/62 pc
Washington	22/71	13/55 s	23/73	13/55 pc

Asia

	Today High	Today Low/W	Tomorrow High	Tomorrow Low/W
	C/F	C/F	C/F	C/F
Bali	32/89	22/71 pc	32/89	22/71 pc
Bangkok	36/88	24/75 t	32/89	24/75 c
Beijing	17/62	8/46 s	21/70	11/52 s
Bombay	29/84	22/71 pc	30/86	23/73 pc
Calcutta	31/88	22/71 s	31/88	22/71 s
Chiang Mai	33/91	22/71 t	32/89	22/73 sh
Colombo	29/84	23/73 pc	29/84	23/73 pc
Hanoi	32/89	25/79 pc	29/84	24/75 pc
Ho Chi Minh	32/89	24/75 c	31/88	24/75 pc
Hong Kong	29/84	23/73 sh	29/84	23/73 c
Islamabad	34/93	17/62 s	31/88	14/57 r
Jakarta	32/89	24/75 t	32/89	23/73 pc
Karachi	33/91	20/68 s	32/89	20/68 s
K. Lumpur	32/89	24/75 t	32/89	23/73 sh
K. Kinabalu	30/86	23/73 t	29/84	22/71 t
Manila	31/88	23/73 c	31/88	23/73 pc
New Delhi	37/99	18/64 s	33/91	18/64 s
Phnom Penh	31/88	24/75 t	30/86	24/75 pc
Phuket	32/89	24/75 t	32/89	24/75 c
Rangoon	32/89	24/75 t	32/89	24/75 c
Seoul	20/68	6/41 pc	18/64	6/43 s
Shanghai	20/68	13/55 r	19/66	14/57 r
Singapore	28/82	23/73 t	31/88	22/71 c
Taipei	28/82	23/73 c	28/82	22/71 c
Tokyo	25/77	18/64 r	22/73	17/62 c
Yerolane	30/86	24/75 pc	30/86	24/75 pc

Africa

Algiers	17/62	9/48 c	18/64	11/52 c
Cape Town	12/53	3/37 r	14/57	6/43 pc
Casablanca	21/70	-10/59 s	21/70	13/55 r
Harare	23/84	12/53 pc	29/84	12/53 pc
Lagos	29/84	24/75 sh	28/82	24/75 pc
Nairobi	23/73	14/57 r	26/79	13/55 pc
Tunis	26/79	13/55 pc	26/79	14/57 pc

Latin America

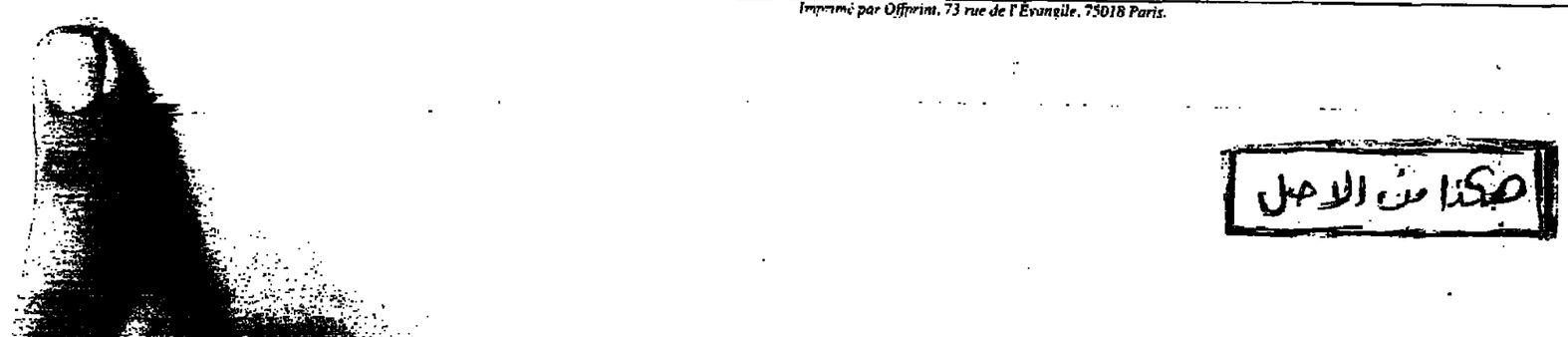
Buenos Aires	25/77	12/53 s	26/79	13/55 pc
Caracas	28/89	24/75 pc	32/89	25/77 pc
Lima	20/68	14/57 c	21/70	14/57 pc
Mexico City	21/70	11/52 c	23/73	12/53 pc
Rio de Janeiro	29/88	19/66 s	29/88	19/66 pc
Santiago	27/80	7/44 s	23/73	7/44 s

Oceania

Auckland	18/64	13/55 pc	16/61	14/57 r
Sydney	18/64	8/48 pc	18/64	11/52 s

Legend: s-sunny, pc-partly cloudy, c-cloudy, sh-showers, t-thunderstorms, r-rain, sf-snow flurries, sn-snow, I-Ice, W-Weather. All maps, forecasts and data provided by AccuWeather, Inc. ©1996

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THE AMERICAS

Security Aide Contradicts White House Over FBI Files

By George Lardner Jr.
Washington Post Service

WASHINGTON — A former executive assistant in the White House security office, contradicting accounts by her old boss and co-workers, has told Senate investigators that "everybody in the office knew" in the fall of 1993 that they were obtaining FBI files on "people who were no longer working there."

The security office was responsible for updating lists of people working at the White House and obtaining from the FBI confidential background reports on those people.

The aide, Mari Anderson, a former Clinton-Gore campaign worker, said her bosses even joked about some prominent Republicans who were still listed as current White House pass holders.

The Republican who is chairman of the Senate Judiciary Committee, Orrin Hatch of Utah, made her testimony public Friday and said it seriously challenged the administration's assertion that its acquisition of hundreds of confidential FBI background reports on former Reagan and Bush officials was "just an innocent bureaucratic snafu."

Ms. Anderson's testimony was a major dent in the explanation given by Craig Livingstone, director of the office, and his investigator, Anthony B. Marceca, for why they had collected the files.

Mr. Marceca, who asked the FBI for the files, has said he thought that everyone whose reports he sought "was properly included on the White House access list" and needed their security files updated.

Mr. Livingstone has supported Mr. Marceca's account, adding that he did not know Mr. Marceca was improperly gathering files on Republicans until long after the fact.

The White House, meanwhile, accused Senator Hatch of "conducting taxpayer-funded opposition research" for Bob Dole's presidential campaign.

Mark Fabiani, a White House special counsel, said: "There is every indication that the files were sought simply because outdated lists were being used."

The controversy over the files has been bubbling since June. It has touched off an investigation by Kenneth W. Starr, the independent counsel looking into the Whitewater real-estate affair, as well as House and Senate inquiries.

Ms. Anderson told Senate investigators that Mr. Marceca had told her the first list he had been given was "really old" and had said "maybe we should get a new one."

She said she asked the Secret Service for an updated list of active pass holders in September 1993, but when she picked it up, she saw it still contained the last names of former President George Bush and former Vice President Dan Quayle, as well as the names of James A. Baker 3d, the former secretary of state, and Marlin Fitzwater, the White House press secretary in the Bush White House.

She said she "pointed them out to Craig and Tony and we said, well, obviously we need to go through this list."

Ms. Anderson said she thought none of the crossed-out names was ever the subject of FBI file requests.

She expressed surprise when told that Mr. Marceca obtained background reports on Mr. Baker and Mr. Fitzwater.

ELECTION NOTES



Eric Draper/The Associated Press

Bob Dole, left, the Republican candidate for president, meeting former President George Bush for lunch in Bal Harbour, Florida.

Democratic Turncoat Re-embraces Clinton

PHILADELPHIA — There is no better gauge of President Bill Clinton's political potency in Pennsylvania, or in the entire Northeast, than in the changed behavior of this city's Democratic mayor, Ed Rendell.

Only 14 months ago, when Republicans were still savoring their triumph in the 1994 elections, Mr. Rendell was so eager to cozy up to Republicans who had gathered here for their national meeting that he startled many in the audience when he declared with enthusiasm: "We are a solid Republican state. We have a Republican governor and lieutenant governor. We have two Republican senators."

But when Mr. Clinton came calling the other day, the mayor was back to being a loyal Democrat, clinging to the president at every stop.

While Mr. Clinton is enjoying an immense lead over Bob Dole, the Republican challenger, in opinion polls around the country, nowhere is it more manifest than in the dozen states in the Northeast. Although large states in the region like New York and Massachusetts have long been safely Democratic, what is particularly surprising is Mr. Clinton's strength in the reliably Republican bastions of New Hampshire, Maine, Vermont and, to a lesser extent, Connecticut.

In addition, the region's traditional battlegrounds of Pennsylvania, New Jersey and Delaware, which usually roil with political swells, look like still ponds. *(NYT)*

Eleanor Is 'Pleased'

NEW YORK — Hillary Rodham Clinton, who made headlines for her imaginary conversations with Eleanor Roosevelt, has unveiled a statue honoring the crusading first lady in the city where she was born and died.

"When I last spoke with Mrs. Roosevelt, she wanted me to tell all of you how pleased she is by this great, great new statue," Mrs. Clinton jokingly told thousands who gathered for the unveiling in Manhattan's Riverside Park. The eight-foot bronze statue depicts Mrs. Roosevelt leaning against a rock, gazing in deep thought.

"It seems that wherever I go she has been there before me," Mrs. Clinton said. "Whether it is visiting South America or South Asia, sewing on a union label at a garment factory here in New York City, writing a newspaper column or speaking at a political convention, I can always count on someone saying to me, 'Well, I remember when Mrs. Roosevelt did that.' There's a great deal of comfort in those words for me." *(AP)*

Quote/Unquote

Mary Alexander, a mother of two from the suburb of Mechanicsville, Virginia, explaining why she plans to vote for Mr. Clinton: "You think where the country's going to be in 10 years. You aren't so me-centered. Before, I thought how it was for me — taxes, Social Security, balancing the budget. Now, I'm thinking about them — drugs, education, medical reform. You get that mom focus." *(NYT)*

Licensed to Deal, Marijuana Sellers Put Arizona on the Spot

By James Sterngold
New York Times Service

PHOENIX, Arizona — What's surprising is not so much that this conservative law-and-order state seems to have legalized the sale of marijuana, but that it took even the most ardent of the state's pot smokers about a decade to figure it out.

"When I first read the law I thought, O.K., I see this, but I didn't think you could really do it," said Bill Green, an aerospace engineer, while sharing a joint with several other marijuana enthusiasts in front of the copper-domed state capitol on a recent afternoon. "I never had any idea I could buy a license and be a law-abiding citizen while I burned a joint. But I pay my marijuana tax now. I'm as legal as you get."

A license to sell marijuana? In the middle of a "war" on drugs, when national leaders are debating how best to wipe out drug use and trafficking? It may sound like a Cheech and Chong episode, but since 1983 Arizona has offered a "Cannabis and Controlled Substances Dealer's License."

The state insists that the license is a law-enforcement tool, a way of hitting up dealers for unpaid taxes, but a number of smirking Arizonans, and at least one judge, disagree. A license, they say, is a license. The annual fee for this one is $100, payable by check or money order to the Department of Revenue, License and Registration Section.

The state also requires tax stamps ($10 per ounce, or about 10 percent of the street price) that, as carefully explained in the statute, must be affixed to the bags of pot when they are sold. It asks that dealers specify whether the drug will be sold by the gram or the ounce. The state has even improved the tax stamps, which bear a handsome little cactus symbol, to satisfy users.

"The old stamps just kind of fell off," explained Peter Wilson, the chairman of the Arizona chapter of the National Organization for the Reform of Marijuana Laws, or NORML, a group promoting legalization. "So they redesigned them and put on a better adhesive."

Mr. Wilson was cheerful in describing such details despite the fact that he was arrested last year for marijuana possession.

His case has become the test for a law whose stated intent was to allow the state to grab the ill-gotten gains of drug dealers but has wandered off, like many things under the influence of marijuana, in a far different direction.

So far, at least, the license Mr. Wilson lawfully obtained has become a shield because he has persuaded a court — much to the shock and dismay of prosecutors — that the state could not have it both ways, making him pay for the privilege of dealing or possessing pot and then arresting him for doing so.

It is a standoff that the legislature has indirectly encouraged through inaction. Indeed, ever since the case popped up a year ago many legislators have seemed intent on running from the licensing issue with as much embarrassed haste as they can muster.

While amusing in some ways, perhaps, Arizona's bizarre flirtation with what amounts to an ad hoc experiment in drug legalization demonstrates the rarely acknowledged shades of gray that underlie the battle over drugs, particularly in an election year when politicians, afraid of sounding soft on drugs, are presenting the issue in stark black and white.

Surveys show that the vast majority of Americans support strict enforcement against the sale and use of harder drugs like methamphetamine and cocaine.

But Arizona's situation and the state government's two-sided reaction to it — condemning marijuana use while doing nothing to change the licensing law — reflect the growing sense among Americans that marijuana is different from other drugs.

A number of people seem to feel that pot, if not acceptable, does not rank as a threat with cocaine, heroin or even, some argue, alcohol, and that users ought to be left alone.

Law-enforcement officials often describe marijuana as a "gateway" drug that appeals to teenagers and leads to harder drugs and ruined lives.

But prominent people ranging from Vice President Al Gore to Representative Susan Molinari, the keynote speaker at the Republican national convention, have admitted using — and then dropping — pot.

Many states, including New York and California, have virtually decriminalized possession of small amounts, and most people convicted of possession are given probation.

Arizonans will vote next month on a proposition, placed on the ballot through a petition drive, that would almost completely decriminalize marijuana possession, though it has been billed as a measure to make certain drugs available for medical purposes.

Local, state and federal officials have harshly condemned the initiative, but it is given a reasonable chance of passing.

AMERICAN TOPICS

Civil Rights Landmark Is Getting a Facelift

It has been 39 years since a group of black children, protected by federal troops, pressed through a mob of angry whites, including National Guardsmen, to integrate Central High School in Little Rock, Arkansas.

It was a first tense assertion of blacks' rights, declared by the Supreme Court three years earlier but not yet tested in the South, to attend desegregated schools. Today the school is crumbling, a neglected landmark of the civil rights struggle. And though it is one of the most visited sites in Arkansas, nowhere near can people learn about the drama that day in September 1957.

A visitor's center is now scheduled to open across the street. And fund-raising drives are under way to fix up the school, once voted "America's Most Beautiful High School" by the American Institute of Architects. Central High is now 62 percent black, academically one of the top schools in the state.

All this, said Mayor Jim Dailey, signifies the coming together of a city that has been split along racial lines. The school, once a dividing line, will instead become "a healing symbol," he said.

Short Takes

The old rule of thumb among fire fighters was to pay attention to the heat on your neck. But now most firefighters wear protective hoods, reports Popular Mechanics, and a better heat gauge is needed. A Connecticut company has devised what it calls the Smart Coat. It involves six silicone-encapsulated heat sensors, wired to an alarm controlled by a microprocessor. When the alarm sounds, the fire fighter knows temperatures are approaching 450 degrees Fahrenheit (232 degrees Celsius) and it's time to seek cooler ground.

Los Angeles's Rear Window Mystery has scores of amateur sleuths scratching their heads. Someone has been breaking the rear windows of vehicles traversing area freeways — 42 on a recent night and at least 27 on another — and no one is sure how it is happening. Air guns and slingshots are both possibilities, reports the Los Angeles Times, but definitive evidence has not been found.

Armchair theorists are having a field day. One called to tell police that the vandals obviously were using a fishing line to suspend rocks from overpasses. Only problem: That would break front windows, not rear.

Other suggestions: Projectiles could be clear marbles or tempered glass, so their shattered remains would not be noticed among the debris. A blue marble was found on the floor of one car. Ice, in cube or pellet form, is a popular theory. And boomerangs don't stay at the scene of the crime.

This being California, it's been suggested that drivers have become guinea pigs for secret government testing of stealthy new weapons: hand-held lasers, isotropic radiators, high-power microwaves or infrasound acoustic beams. Got an idea? There's a $25,000 reward.

International Herald Tribune

Away From Politics

• **A 1,061-pound (482-kilogram) pumpkin** stole the show at the World Pumpkin Conference competition in Clarence, New York, winning $50,000 for its growers. Competition officials said it was the world's largest pumpkin. *(AP)*

• **A parachutist spun out of control** as he landed at a high school football game to deliver the game ball in Spearman, northwestern Texas. He struck two members of his ground crew, killing a woman and injuring her husband. *(AP)*

• **Surveillance cameras would be mounted in Central Park,** subway stations and other places under a plan being considered by the New York Police Department, Mayor Rudolph Giuliani said. *(NYT)*

• **The judge in the Oklahoma City bombing case has barred** the accused bomber, Timothy James McVeigh, and his co-defendant, Terry Lynn Nichols, from granting interviews, saying such interviews would be an "inappropriate pretrial dissemination of evidence." *(WP)*

• **A New York City police officer was charged with murder** in Westchester County after the authorities said he shot and killed a man in a fight over a parking spot in front of a delicatessen owned by the officer's father. *(NYT)*

Spy Bill to Get Clinton's Approval and CIA's Ire

By R. Jeffrey Smith
Washington Post Service

WASHINGTON — President Bill Clinton has decided to sign a bill that modestly restructures the intelligence community, even though the CIA director, John M. Deutch, objects to a provision creating three new assistant directors of central intelligence and has vowed to seek its repeal, according to White House officials.

Among other changes, the bill would give the FBI an explicit right to subpoena local telephone records and clearly authorize the CIA and the National Security Agency to collect data on foreigners for U.S. law enforcement investigations.

It would, for the first time, require Senate confirmation of the CIA's general counsel, who is responsible for blocking illegal covert action. It would also prohibit foreign employment of senior intelligence officials for three years after leaving government.

The bill nonetheless has been characterized even by its supporters as a pale shadow of the changes that some lawmakers had sought at the CIA and other intelligence agencies after scandals about CIA activities in Guatemala's civil war, misspending by the reconnaissance office, and espionage by a former CIA officer, Aldrich Ames.

"This legislation is a very, very significant step forward," said Senator Arlen Specter, the Pennsylvania Republican who heads the Senate Select Committee on Intelligence, "but, candidly, not as far as we should have gone." He attributed most of the bill's shortcomings to "bureaucratic resistance" by the Pentagon.

Dropped from the legislation were proposals giving the director of central intelligence the legal authority to manage spending by intelligence agencies now controlled by the secretary of defense, as well as the right to approve the persons nominated to head such agencies as the National Security Agency, the reconnaissance office and the Defense Intelligence Agency.

The proposals had grown out of lawmakers' frustrations with what they saws the waste and duplication of 13 U.S. intelligence agencies. But senior Defense Department officials torpedoed what they viewed as measures that would concentrate power in the CIA director's office.

The CIA director, meanwhile, opposes provisions seeking to centralize management of the 13 agencies by creating a deputy director and three new assistant directors of central intelligence responsible for overseeing intelligence collection, analysis and administration. Mr. Deutch said the move would produce "an unnecessary level of political appointees."

But Senator Bob Kerrey, the Nebraska Democrat who is the committee's vice chairman, rejected Mr. Deutch's assertion that the appointees might politicize intelligence gathering, saying that he envisioned candidates for these jobs as "lifelong intelligence professionals approaching the pinnacle of their careers."

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STYLE

From Paris to Milan, from New York to Tokyo, fashion editor Suzy Menkes covers the fashion front. With additional reporting on lifestyle issues, the Style section provides up-to-date information on developments in the changing world of creative design.

Every Tuesday in the International Herald Tribune.

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THE WORLD'S DAILY NEWSPAPER

OIL & MONEY

INVESTMENT STRATEGIES AND THE NEW WORLD ORDER

London, Inter-Continental Hotel, October 28-29, 1996

The 17th annual Oil & Money Conference, co-sponsored by the International Herald Tribune and The Oil Daily Co./PIW Publications, will outline the considerable economic and political challenges that confront oil and gas executives. The high level meeting offers a forum to debate the various strategies adopted by companies to achieve profitability through the rest of the decade and beyond.

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- Capital Flows and Competition
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- Using Derivatives to Reduce Long-Term Risks
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- Ronald Arnault, Executive Vice President, Total/Elf
- Thierry Desmarest, Chairman and CEO, Total
- Mark Moody-Stuart, Group Managing Director, Royal Dutch/Shell
- Dr. Issam Al-Chalabi, Former Oil Minister, Iraq
- James E. Harrison, President & General Manager, Mobil E.M.
- Herbert Detharding, CEO, Wintershall
- Johan Nik Vold, Group Executive, Statoil

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U.S. Weighing Cutoff Of Burma Investment

By Steven Erlanger
New York Times Service

WASHINGTON — The Clinton administration is struggling to decide whether the stepped-up crackdown on political activity in Burma amounts to the "large-scale repression" of the democratic opposition that, according to a new law, would lead to a ban on all new U.S. investment there.

Some officials and congressional staff members say the law, signed last week, requires immediate sanctions.

They say that laws and sanctions established in support of human rights have credibility only when they are used in clear circumstances, and point out that the Chinese and Nigerian governments are gauging the administration's mettle as carefully as the Burmese.

The United States is the fourth-largest investor in Burma, after France, Singapore and Thailand. Most French and U.S. investment is in the oil sector, with Unocal, Texaco and the French company Total most heavily engaged.

President Bill Clinton on Thursday banned Burmese government leaders from entering the United States. The decision, which is largely symbolic, was the administration's response to the arrest last week of as many as 800 members of the National League for Democracy led by Daw Aung San Suu Kyi.

The Burmese government retaliated in kind Friday.

Daw Aung San Suu Kyi and her party won elections in 1990, but the results were thrown out by the military.

A week ago, for the first time since she was released from almost six years of house arrest in July 1995, soldiers prevented Daw Aung San Suu Kyi, winner of the 1991 Nobel Peace Prize, from making a regular weekend speech to supporters.

[Riot policemen and army troops blocked off the roads to Daw Aung San Suu Kyi's home to isolate her from the public over the weekend, The Associated Press reported from Rangoon. Roadblocks remained up Sunday to prevent her from giving her usual address.]

Senior U.S. administration officials and human-rights organizations say they believe Burma's military government is now "trying to decapitate" the League and is putting Daw Aung San Suu Kyi back under de facto house arrest.

Senior administration officials say they will discuss the matter at a meeting at the White House early next week.

Officials who argue for patience or a delay in imposing sanctions say they want to coordinate pressure on Burma with Japan, the European Union and the Association of South East Asian Nations. They suggest giving Burma a deadline for changing its course or facing sanctions.

But other officials believe that the U.S. law is clear in requiring action. The law, signed by President Clinton last Monday, embodies an amendment offered by Senator William Cohen, Republican of Maine, and Senator Dianne Feinstein, Democrat of California, which was accepted by the administration in lieu of stronger language demanding immediate sanctions offered by Senator Mitch McConnell, Republican of Kentucky.

Even this weaker language would impose a ban on new investment if Burma's government "has physically harmed, rearrested for political acts or exiled Daw Aung San Suu Kyi, or has committed large-scale repression of or violence against the democratic opposition."

"The United States has the leverage, but does it have the political will to use it?" asked Mike Jendrzejczyk of Human Rights Watch/Asia. "A visa ban is useful symbolic action, but if the administration does not impose economic sanctions, its credibility on human rights will be seriously damaged."



Jason Reed/Reuters

Lau Shun-hing, the widow of David Chan, the Hong Kong activist who drowned during a protest over Japanese claims to the disputed islands, carrying his portrait at the funeral Sunday. Their son is at right.

BRIEFLY ASIA

Protest Fleet Disputes Japan's Claim to Islands

TAIPEI — More than 300 Taiwanese and Hong Kong activists set off Sunday on a protest voyage in a flotilla of 30 boats to challenge Japan's claim to a group of disputed islands in the East China Sea.

Taiwanese activists threw 10,000 beer bottles into the sea carrying messages in Chinese, English and Japanese declaring Taiwan's sovereignty over the islands.

"The move is to announce to the world the fact that the Diaoyu islands are our territory," the China Times newspaper quoted a legislator, Fu Kung-cheng, one of the leaders, as saying.

The state-run Central News Agency said the activists completed their "10,000 bottles sailing together" move off Taiwan's northeastern coast, and they expect the silent messengers to reach Japan within three weeks. *(Reuters)*

Rebels Kill 7 in Kashmir

SRINAGAR, India — Muslim rebels shot and killed seven supporters of the National Conference party in the first major retaliation against political workers who participated in last month's elections in Kashmir, the police said Sunday.

Fourteen others, including 11 Muslim separatists, were also killed in an upsurge of violence in the Himalayan state, which is to get its first elected provincial government in nine years on Tuesday.

The police said masked gunmen stormed the home of a National Conference activist late Saturday night in the northern district of Baramulla and opened fire, killing the seven. They said the dead included two women and two children. *(AFP)*

Appeals to Open in Seoul

SEOUL — South Korea's High Court will begin hearing appeals on Monday against sentences imposed on two former presidents, Chun Doo Hwan and Roh Tae Woo, court officials said.

Mr. Chun was sentenced to death and Mr. Roh to 22½ years in prison in August on charges of mutiny and treason stemming from a 1979 coup and the massacre of civilians demonstrating against martial law the next year in Kwangju. *(AFP)*

Malaysia Readies a Crackdown on Illegal Workers

By Michael Richardson
International Herald Tribune

KUALA LUMPUR — A decade of rapid economic growth has provided abundant jobs and rising living standards in Malaysia, but it has also created for some an unwelcome side-effect: a flood of illegal migrants smuggled in by land and sea, mainly from Bangladesh and Indonesia.

While Malaysia has a population of 19 million and an acute labor shortage, nearby Indonesia, with close to 190 million people, and Bangladesh, with 115 million, cannot create nearly enough jobs to end high unemployment.

Malaysia, which offers foreign workers better wages than they can get at home, has become an irresistible magnet.

But as the number of illegal migrants in Malaysia has swollen to over a million in a total work force of only 8 million, they have been increasingly blamed by officials and other critics for rising social tensions, crime and disease.

A special committee of the Malaysian cabinet was to meet Monday to consider public complaints and calls for tighter controls.

Prime Minister Mahathir bin Mohamad has said the country can no longer afford to be overdependent on foreign workers who were causing social ills.

"The problem is already taking its toll," he said, citing village leaders who "complain of girls running off with their foreign boyfriends, unwed mothers being ditched by their partners and wives abandoning their families to elope with foreigners."

As a result of the clamor, Indonesia said Thursday that, at the Malaysian government's request, it would bring home thousands of illegal workers.

Abdul Latief, the Indonesian manpower minister, said in Jakarta that he had recently visited about 5,000 Indonesians being detained in camps by the Malaysian government for illegally entering the country.

"Some will be allowed to return to work there if Malaysian businessmen want to employ them," he said. "But the rest, who have no skills, are illiterate, too young or sick" would have to return to Indonesia.

Many Malaysian employers contend that without foreign workers, most of whom work on construction sites, plantations and in factories, they would go out of business.

Malaysian officials said that many illegal migrants were smuggled into the country by sea, often in fishing boats, by syndicates based in Indonesia and Bangladesh.

Social workers said that some Bangladeshis earned as little as 300 ringgit ($110) a month after paying at least 10 times that amount to agents who arranged their employment in Malaysia.

Alan Dupont, a fellow at the Strategic and Defense Studies Center at the Australian National University in Canberra, said that unscrupulous entrepreneurs, some with criminal connections, were cashing in on the growing demand for migrant labor in Malaysia and other high-growth economies of East Asia.

"The existence of substantial illegal migrant communities exacerbates existing ethnic and social tensions and increases demands on already scarce resources," he said. "And the persistent breaching of territorial, customs and migration barriers threatens state sovereignty, which governments ignore at their own peril."

The authorities estimated that about 450,000 foreigners in Malaysia have official work permits, and more than 1 million are working illegally.

The Malaysian Trades Union Congress put the number of foreign workers at closer to 3 million and said they depress wages and take jobs from Malaysians.

Megat Junid Megat Ayob, deputy home minister, announced after a recent spate of brawls between Bangladeshi and Malaysian workers that the government had decided that the permits of foreign workers who married local women would be revoked immediately "and they will be directed to leave the country with their Malaysian wives."

He said the move was intended to deter "marriages of convenience," in which foreign workers saw matrimony as a ticket to employment rights, citizenship and other benefits open only to Malaysian citizens.

Sivarasa Rasiah, a Malaysian human rights lawyer, said the government crackdown was "a complete over-reaction."

He said that adult Malaysian women should have the right to marry a person of their choice, whether local or foreign, so long as it was a voluntary marriage.

But Abdul Kadir Fadzir, deputy minister for human resources, said the government would probably reject requests by Bangladesh to let more of its workers into Malaysia.

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THE WORLD'S DAILY NEWSPAPER

Hungarian Privatization Counting on Swedish investors

Open Economy, Open Privatization

Tetra Pack, Ikea, Skanska, Ericsson, Astra... here are just a few from the long list of Swedish company empires which saw serious investment and business opportunities in Hungary. Both among the small and the large multinational companies of the Scandinavian country, there were those which took the opportunity of privatization, the dismanding of state ownership, in this Central East European country. Thus for instance, Electrolux acquired Lehel, one of the most prestigious companies of Hungarian industry, known for its manufacturing of refrigerators. Asea Brown Bovery which, according to the most recent assessment of the Financial Times, can be regarded as the most successful European company of the year, patricipated in the privatization of the Láng Machine Factory, which made a name for itself with its export products in the energy sector. In the course of these transactions, it was proven to the experts of both Electrolux and ABB, that Swedish and international capital and business culture at large, coupled with Hungarian expertise and workmanship, guarantees the manufacturing of world class, highly competitive products.

A business delegation is also hitting the road

The advanced Swedish-Hungarian business relationship guarantees that the official visit by the President of the Republic of Hungary to Sweden from September 30th to October 4th, will reinforce cooperation in an already fruitful relationship. Another contributing factor will be a delegation consisting of Hungarian businessmen accompanying the President on his trip to Sweden, which will include the managers of Hungarian Privatization and State Holding Company (ÁPV Rt.) in charge of the privatization and management of state-owned companies.

One thing which Attila Virágh, Deputy Chairman of the Board of ÁPV Rt., wishes to emphasize first and foremost regarding the visit to Sweden, is that in the course of the business programs which are linked to the Hungarian President's visits to the West, experts in privatization always receive a large number of questions on investment opportunities in Hungary.

"I believe this will not differ in Sweden either, as Swedish businessmen have successfully participated in Hungarian privatization to date," expounds Attila Virágh.

"They already know that the process of creating private property in our country is taking place under fair conditions of bidding and circumspect administration. Hungarian expertise and qualifications are coupled with wages which are low by comparison to European labor at large, which guarantees that realistically planned investments will bring in the appropriate return to the investor. A number of multinational companies which have acquired holdings in the Hungarian market are proof to the fact, from General Electric to Michelin, from Pepsi Cola to General Motors.

Sweden among the best

"The interest on the part of Swedish capital is well reflected by the fact that for a long time the Scandinavian country has taken a prestigious place among the top ten, on the list summarizing those participating in Hungarian privatization investments," says the privatization expert. "On that basis, I dare say that the **majority** of the northern investors are well aware of Hungarian privatization opportunities, yet I believe that there are still a good number of promising opportunities yet to be discovered by Swedish investors. One should not forget that ÁPV Rt. is still in charge of the privatization of several hundred companies, which include firms active in the most diverse domains of economic life."

The Deputy Chairman of the Board of ÁPV Rt. spoke gladly of the fact that the Wallenberg Group has also shown increasing interest in Hungarian investment opportunities, as has Volvo, which has given indications of its privatization intentions. Volvo currently is following up on the privatization of Ikarus, one of the largest bus manufacturers in the world, recently weakened through the loss of its East European markets.

With the power of personal contact

"I believe that such a visit will definitely facilitate the transfer of up-to-date information and reinforce the business stimuli implied in personal contacts," says Attila Virágh. "I regard this as of extraordinary importance, because the inflow of Western capital and technology has already played a highly important role in the renewal of the Hungarian economy. This is illustrated by the fact that the greater portion of Hungarian GDP is today produced by the private sector, in which foreign capital plays a decisive role.

"Arriving in Sweden, naturally, our endeavors will be aimed not only at promoting investments in Hungary, but also at nurturing and improving already existing business relations," indicates Mr. Virágh. "Experience tells me that business meetings, where we gladly provide information concerning all kinds of investment opportunities in Hungary, frequently lead to the negotiating table. It is to be hoped that this trend will continue in the course of our visit to Sweden."

هكذا من الاصل

EUROPE

EU Promises to Meet Deadline for Reforms

No Agreements, but Vows to Cooperate

By Tom Buerkle
International Herald Tribune

DUBLIN — European Union leaders have moved to stem the drift in the bloc's constitutional reform talks, pledging to reach agreement on major changes by June and avoid any delay to the membership ambitions of Eastern European countries.

"The work of the intergovernmental conference is on course," said Prime Minister John Bruton of Ireland, who was chairman of the informal meeting Saturday. "We will not be simply making small changes."

The leaders failed, however, to give any hint of how to resolve the institutional issues of power-sharing that lie at the heart of the conference, including proposals to limit national veto rights, increase the voting power of large states and strip some countries of their representative in the European Commission.

The gathering also underscored Britain's increasing estrangement from the EU mainstream, a factor that has bogged down the negotiations. Prime Minister John Major skipped the leaders' dinner Saturday to return to London and prepare for this week's Conservative Party conference, got into a public spat with the president of the European Parliament over Britain's tactics during the "mad cow" affair, and lashed out at the leaders of Austria, the Netherlands and Portugal for having endorsed Tony Blair, the leader of Britain's opposition Labor Party.

"They would like a Socialist government because they think a Socialist government would give to Europe those things that a Conservative government never would," Mr. Major said.

Although the meeting did not produce any agreement on changing the Union, the 15 leaders indicated a greater willingness to deepen their cooperation on foreign policy issues and fighting international crime and drug trafficking.

In a move that could foreshadow the creation of an EU foreign-policy czar, a French aim, the leaders agreed to appoint a special envoy to the Middle East to coordinate the Union's aid there and to raise Europe's political profile in the region.

President Jacques Chirac of France, whose government has resisted efforts to involve the Union in criminal justice matters, said he was ready for a "qualitative leap" in cooperation that would curb national veto power over crime efforts.

There were also new signs of support to enshrine in the Union's treaty the principle of flexibility, an aim of France and Germany that would greatly increase the leeway for countries to choose whether to take part in common actions in areas like defense. Spain, which previously criticized the idea as a potential threat to the huge EU development subsidies it receives, was now willing to negotiate on the issue, Prime Minister Jose Maria Aznar said.

The result matched the minimal expectations set for the meeting, which few of the leaders other than Mr. Chirac wanted to hold. Indeed, the most noteworthy aspect of the meeting was a lack of any discussion of monetary union, reflecting a belief that the single currency was well on track and a desire to avoid any repeat of the dispute that erupted last week when Mr. Chirac ruled out Italy's participation in 1999.

One senior EU diplomat said of the meeting, "One doesn't ask for much nowadays."

Still, said Klaus Kinkel, the German foreign minister: "We have to get the EU ready for enlargement. This won't be possible without getting results" at the intergovernmental conference talks.

Gadhafi Shocks Visiting Turk Chief

The Associated Press

TRIPOLI, Libya — Moammar Gadhafi stunned a visiting Prime Minister Necmettin Erbakan on Sunday when he called on the Turkish government to let the Kurds set up an independent state.

The demand caught the Turkish prime minister and his delegation off guard. "We would have never imagined when we came here that Gadhafi would say things like this," said Abdullah Gul, an aide to Mr. Erbakan, the Anatolia news agency reported.

"It is all nonsense," he added.

Colonel Gadhafi received Mr. Erbakan at his tent Saturday night and criticized Turkey for its war on Kurdish rebels. "Turkey should not fight against people seeking their independence," he said.



Derrick Goyen/The Associated Press

A police officer amid the debris Sunday in Bordeaux's city hall, which was damaged by a bomb explosion.

Corsicans Suspected in Bordeaux Blast

Compiled by Our Staff From Dispatches

BORDEAUX — The authorities suspect that Corsican separatists were behind the late-night bombing of the city hall in this southwestern city, a French television station reported.

The LCI network said a source confirmed that investigators were following a "Corsican trail" from the explosion, which heavily damaged the building Saturday night, just hours after Bordeaux's mayor, Prime Minister Alain Juppe, had left for Paris.

Corsican nationalists, waging a violent campaign for independence for the French Mediterranean island, usually restrict their attacks to the island itself. But the "historical wing" of the clandestine Corsican National Liberation Front claimed responsibility last week for a bombing in September outside the law courts in Aix-en-Provence. It was the first attack on the mainland in several years.

Nationalist leaders have accused Mr. Juppe of blocking secret talks aimed at resolving their differences.

Investigators did not know Sunday whether the bomb had been targeted for Mr. Juppe or the city hall.

No one was injured in the explosion, but it damaged the main reception hall and surrounding rooms on the ground floor and broke windows on all three levels, a regional official, Bernard Landouzy, said Sunday.

Investigators said the bomb was probably made of plastic explosives or dynamite. There were no warnings, said a prosecutor, Patrice Davost.

"It has been clearly established that it was a bomb of very great power," said Mr. Juppe, who returned here Sunday.

The attack is expected to force a change of venue for a dinner scheduled for President Jacques Chirac of France and Prime Minister John Major of Britain during their summit meeting Nov. 7 and 8. *(AP, Reuters, AFP)*

The EU This Week:

International Herald Tribune

Events of interest in the European Union:

- National negotiators to the intergovernmental conference on EU reform meet in Brussels on Monday and Tuesday for their first discussions after a weekend summit meeting of EU leaders in Dublin that sought to give a political push to the negotiations.
- Economics Minister Guenther Rexrodt of Germany meets Tuesday with Competition Commissioner Karel van Miert in Brussels. Key issue: government aid to industry, especially in East Germany. The commission took the state of Saxony to court in August to block an aid package for Volkswagen before Mr. Rexrodt intervened and suspended federal aid to the automaker.
- The European Commission is expected to approve two economic reports at its weekly meeting Wednesday. One will lay down economic benchmarks to monitor Europe's competitiveness compared with the United States, Japan and Southeast Asian countries. The other will compare employment programs of the 15 EU nations in an effort to determine the best strategies for cutting unemployment.
- Foreign Minister Dariuz Rosati visits Brussels on Wednesday and Thursday to press Poland's request for membership in Western institutions.

BRIEFLY EUROPE

Lebed Brings Proposals to NATO

BRUSSELS — The Russian security chief, Alexander Lebed, in Brussels on his first visit to the West, said Sunday that he would put new proposals to NATO to help solve a dispute over alliance plans to expand eastward.

Mr. Lebed said he had come to pursue "a complicated, but civilized dialogue" with the alliance over its future plans during a two-day visit to NATO headquarters. "There are some new proposals, but first of all they are intended for the ears of Mr. Solana," he said.

Mr. Lebed is scheduled to meet Monday with Javier Solana, the alliance's secretary-general. *(Reuters)*

Belgian Police Search Mine Shaft

BRUSSELS — Policemen stepped up the search of an abandoned mine tunnel Sunday after the chief suspect in a multiple child-murder case indicated something was hidden there.

Engineers were brought in to pump water and mud from the partly flooded tunnel near the southern town of Jumet.

Police officials said the suspect, Marc Dutroux, had given no indication of what they might find. But Belgian television reported that specialists in corpse identification were at the scene. Mr. Dutroux once lived near the mine. *(AP)*

Anti-EU Conservative to Quit Tories

LONDON — Britain's embattled Conservatives were rocked by news that a senior member of the governing party would defect on Monday to the new Referendum Party run by the millionaire tycoon Sir James Goldsmith.

Lord McAlpine, a former Conservative Party treasurer and deputy chairman, was to announce his decision Monday on the BBC Panorama program. He is not a member of Parliament, but the decision was expected to widen a rift within the party over Britain's future in the European Union. *(Reuters)*

2 Killed at Hells Angels' Hangout

COPENHAGEN — A thunderous explosion believed to have been caused by an anti-tank grenade tore through the fortress-like headquarters of the Hells Angels motorcycle gang here Sunday, killing two people and wounding at least 16 others.

The police said a rival gang, the Bandidos, who have been involved in a two-year feud with the Hells Angels in Denmark, Sweden, Finland and Norway, was a prime suspect. *(Reuters)*

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CAREERS

Some U.S. Workers Get More Than Free Lunch

By Laura Mansnerus
New York Times Service

NEW YORK — Sure, there is a health plan for employees at Ben & Jerry's Homemade Inc., but it probably does not make anyone feel better on the way out the door at night. That is what the ice cream is for — three pints, fresh from the freezer, free, for everyone, every day.

This kind of employee perquisite, tantalizing to 12-year-olds, works well with adults, too. Many people know about the obvious perks, such as airlines letting employees fly for next to nothing or department-store employee discounts. But it is often the small displays of company largesse that make employees feel as if they are getting something for nothing. Depending on whom they work for, employees may receive everything from free hamburgers to free Prozac.

Anheuser-Busch employees receive vouchers for two cases of beer a month. The offer is the same at Pete's Wicked Brewing Co. in Palo Alto, California, brewers of Pete's Wicked Ale, and at Boston Beer Co., which makes Samuel Adams beer. But these two also show some small-company flexibility: At Boston Beer, said Lucy Sholley, a spokeswoman, "if someone has a party, they can get a few extra cases."

Pete's Wicked Brewing encourages employees to go to what Sue Hern, a spokeswoman, calls "local beer events." They can be reimbursed for a taxi home, too.

Robert Mondavi, a Napa Valley winemaker, gives each employee a case of wine at the end of every quarter, and the wine tastings at work "are so regular I don't even consider them perks," said Susanne Bergstrom, a spokeswoman.

Workers with desk jobs can go out at harvest time to learn about picking and crushing grapes. "Some employees have gone on group trips to Europe, to visit Bordeaux," Ms. Bergstrom said.

Rubbermaid Inc. gives employees what it calls "rubber bucks" for a job well done. The bucks can be redeemed for goods at company stores.

At Gap Inc., employees who have babies receive a package of items from Baby Gap stores.

Workers at Benjamin Moore & Co. get paint at wholesale prices, and starting next year the company will select two employees and send crews to paint their houses for free.

Meanwhile, at Eli Lilly & Co., employees can get free Prozac: The health plan covers 100 percent of prescription drugs made by Eli Lilly, including the widely used antidepressant, while requiring a 20 percent co-payment on others.

In this service economy, though, free stuff isn't everything. At the Great American Backrub stores in New York, its product, a massage, is free to employees. Rodale Press, publisher of Runner's World, Prevention, Organic Gardening and other health-related magazines and books, dispenses free health and fitness. At the gym on the company's campus in Emmaus, Pennsylvania, employees can choose from 25 classes, including aerobics, ballroom dancing and yoga.

Then there's food. Workers at Domino's Pizza Inc. get pizza for 35 percent off and receive a cafeteria discount at the company's headquarters in Ann Arbor, Michigan.

Not all company perks can be easily shared with a friend.

Along with all the fitness-related perks, Rodale Press employees receive free compost. The company sends wastepaper from its cafeteria to the local leaf-composting facility, which allows Rodale employees to pick up the product free.

"I know it sounds funny, talking about compost as a perk," said Bob Martin, a company spokesman.

"But if you're doing your yard, you know, you need tons of that stuff, and it adds up."

Firms Take Fresh Look At Saving on Sick Pay

By Martha Nolan McKenzie
New York Times Service

NEW YORK — While large German companies have begun cutting back on their annual grants of as much as six weeks of paid days off for illnesses, American companies are trying to control the benefit in a more subtle way.

Strikes and protests erupted last month after Germany's Parliament allowed companies to reduce minimum sick-leave pay to 80 percent of regular wages. But in the United States, the federal government generally has stayed out of sick-pay rules, mandating only that employers provide compensation for job-related injuries.

According to employee-benefits specialists, the average U.S. company gives its workers 10 to 12 sick days a year at full pay or allows employees to accrue days based on length of service. The problem has been that some employees tend to come to work when sick and save the days off for personal use or to extend vacations.

Many companies have been cutting back by combining sick days, vacation days, personal days and floating holidays into one category called paid days off. In doing so, companies typically reduce the total number of allotted days by as much as 20 percent, according to Michael E. Sass, a principal with Foster Higgins, a New York benefits consulting firm.

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INTERNATIONAL

Armani Reinvents Romance in a Magical Milan Show

By Suzy Menkes
International Herald Tribune

MILAN — An incredible lightness of feeling in Giorgio Armani's show brought the Italian season to a triumphant close on Sunday. Armani's translucent fabrics and blue-green colors washed over the models' bodies like waves from the sea. But his use of transparency put into romantic perspective the steamy creations seen on other runways during the spring-summer collections.

Armani, at 61, reinvented his signature look. There were pantsuits aplenty, but trousers wafted under caressing, layered dresses or zephyr-light jackets.

"It was all about lightness — and especially lightness of spirit," said Armani after taking an ovation with Eric Clapton, who composed the serene, other-worldly music.

Armani's world was the seashore, with make-believe boul-ders rolled on the runway and fabrics patterned in waves or in shades from the ocean depths. Nereids in long, slim, bareback dresses were sometimes festooned with colorful jewelry. And cobalt blue or red dresses would dart through the aquatic colors like tropical fish.

It was not just the fabrics and colors that seemed watery. Silhouettes were fluid, as buttonless jackets, loose kimono blouses or fluttering cardigans flowed over pants. A whisper of Oriental style brought curly Aladdin slippers, but the models mostly meandered dreamily down the runway holding their spaghetti-strap sandals. The sparkling mermaid dresses for evening went on too long, but the the show ended on a sweet note with a kiss. After a long period of androgyny and sexual assertiveness, romance is in the air, and Armani's magical show caught the fashion moment.



Chris Moore

Armani, right, with Eric Clapton, who composed show's music.

Romance was in the front row at Gianni Versace's upbeat show, as blonde Patsy Kensit wrapped her arms around her fiancé, Liam Gallagher of Oasis, while his song "Wonderwall" was on the soundtrack.

There was a pastoral, even lyrical feel to the collection, with its floral decoration in curly tendrils of hair and the models swinging bags filled with flowers. Prettiness came in pearl gray and sweetpea colors and the ruffles and pleated frills that edged skirt hems and silky cardigans.

Forget tailoring. Instead there were crepe jackets with empire ties and high-waist dresses, re-tracing John Galliano's empire line with a Jane Austen prettiness. Asymmetric hemlines on slinkier silk jersey dresses added to the sense of breezy movement.

It wasn't all Mozart and roses, in spite of the flowery fabrics and tender lavender and dove-gray shades. Versace kept a modern edge with chiffon separates in a bleeding-heart print inspired by the paintings of Jim Dine. Sex stayed on the agenda for familiar lingerie looks of slithering dresses with lace inset at the bosom. But fewer outfits than usual in this pretty show looked like they belonged in the bedroom.

Gianfranco Ferre's field of dreams is filled with white columns. His women wear long, slender coats, skinny pants, jump suits with sliced-away backs or skinny dresses with organza coats whipped like egg white. The designer said he was inspired by Giacometti sculptures and the style was statuesque rather than natural with none of the melting softness of current fashion.

But if you can accept Ferre's grandiose vision, the collection was impeccably done with its columnar knits looping into a cowl back and linen shirts swooping off one shoulder. What was not white was strawberry-mousse pink, with a few richer sunset colors.

This was familiar Ferre territory — with touches of India in a Raj coat or tunic jackets over pants. The collection had a linear elegance. But why does Ferre feel a need for up-front sex, or what he called "an intriguing sense of sin."

To promote jeans there were topless women in pink jeans with hands shielding breasts. Embroidered thongs peeking from plunge-back dresses looked lewd and weird, especially from a designer of such refined clothes.

With bird song on the soundtrack, topiary as a backdrop and a fountain playing on the runway, the Moschino team tried hard to let the sun shine in. Witticisms meant to echo the wacky spirit of the late designer tended to fall flat: a dress hung about with chopsticks or a trio of models whose photoprint dresses made up the Taj Mahal. But the real Moschino product — sleek jackets in silky raffia tweed or a gilded lurex cardigan slipped over a sprigged satin dress — were just fine. A Chinese theme and a few empire-line dreses showed a nod to current trends.

The Milan season closed with a feeling of frustration that it had dragged on for a week with the big names bunched at the end, on the eve of the Paris shows. The significant trends in Milan included the long silhouette; dresses, especially with raised waists; dipping and diving hemlines; a revival of sweet color and abstract prints; and knitwear, with the lacy cardigan taking over as the jacket continues its gentle retreat.



Moore/Thomas

Armani's chiffon tunic and satin pants.

Late Sunshine Boosts French Wine Outlook

Reuters

PARIS — France's 1996 wines are turning out better than expected, rescued by two weeks of sunshine and cool breezes just before the harvest, winemakers and other experts said Sunday.

Some regions are still picking, but growers in most of the more prestigious areas are already predicting a fairly good to very good year. The outlook is far better than a month ago, when growers in many regions were predicting a mediocre to average year because of heavy rains in late August.

Although there was sporadic rain during the harvest period, temperatures remained cool, staving off rot and resulting in some cases in wines with intense flavors and good aging potential, growers and buyers agreed.

In Bordeaux's celebrated Medoc region, Jean-Guillaume Prats of Chateau Cos d'Estournel in Saint-Estephe said: "This will be a very good year. The wines will be very classic, with extremely high levels of alcohol, acidity and tannin, which means wines with a great potential for aging."

"The 1996s will start out more austere than the 1995s, but over the long term they could well prove greater," he said.

In Beaujolais, "we are calling this the vintage rescued by a miracle," said Anne Mathon of the Beaujolais Wine Board. "At the start of September we had few expectations but the sunny weather turned things around."

In the southern Rhone valley, 1996 quality "will be better than average" with average quantities, said Sylvie Reboul of the Cote du Rhone Winemakers Federation.

In the northern Rhone, there will be great variation because of individual growers' timing, predicted Alain Graillot, a winemaker near Tain-l'Hermitage. "This will be a good year, not a great one," he said.

London Paper Calls for Duchess of York's Title

Agence France-Presse

LONDON — Queen Elizabeth II has called a crisis meeting over the Duchess of York following new revelations about her sex life and wayward behavior, The Sunday Times reported.

Quoting royal sources, the paper said the queen was "deeply concerned" about the damage being done to the monarchy by the lifestyle of the duchess, who was divorced in May from Prince Andrew, the Duke of York.

Recent reports of a book to be published on Nov. 4, based on secret tape-recordings of her conversations with a fortune teller, allege that she had sex with a Texas millionaire, Steve Wyatt, when she was five months' pregnant with her daughter Eugenie.

The newspaper also said that the former Sarah Ferguson, known as "Fergie," was continuing to live a high life, flying on the Concorde, despite being £5 million ($7.8 million dollars) in debt.

The Sunday Times made a virulent attack on what it described as her "louche and loose" behavior in an editorial headlined "Duchess of Damage."

"Sarah Ferguson seems intent on destroying the already tarnished House of Windsor and turning the royal family into an international laughingstock," the editorial said. "Her puerile nature and incontinent ways have gone far beyond a joke."

"There should be no more tolerance of the errant duchess," it said. "In another age she would have lost her head. Today she should at least lose her title."

S.R. Cray, 71, Dies, Computer Pioneer

New York Times Service

NEW YORK — Seymour R. Cray, a computer industry pioneer and the father of the supercomputer, died Saturday at a hospital near his home in Colorado Springs of injuries suffered in an automobile accident two weeks ago. He was 71 years old.

Mr. Cray, who as a young electrical engineer at Control Data Corp. in the late 1950s led the design of the world's first transistor-based computer, went on to develop supercomputers known for their elegance and simplicity, but most of all for blazing speed.

Used first by military weapons designers and in intelligence agencies, Mr. Cray's first supercomputers, notably the Control Data 6600, 7600 and the Cray 1, permitted researchers to simulate nuclear explosions and crack codes. They were soon turned to tasks like weather prediction and oil exploration.

Known as an idiosyncratic and quirky wizard, Mr. Cray had a remarkable ability to focus on a single challenge: the need to extract more and more speed from each new machine he designed.

"He had a profound effect on the computer industry," said John Rollwagen, a business executive who worked with Mr. Cray for many years at Cray Research Inc. "He was always on the leading edge."

Mr. Cray's legacy of scientific computer designs stretches back to the Univac 1103, which he began working on in the mid-1950s.

During the 1970s and '80s, Mr. Cray was instrumental in creating a constant stream of design advances and innovative technologies that were later adopted by the rest of the computer industry.

In the late 1970s, Cray Research, the company he founded in 1972 after leaving Control Data, became the world's leading maker of supercomputers.

Mr. Cray left Cray Research in 1989 to form Cray Computer Corp., which ended in bankruptcy in 1995. In August, Mr. Cray announced that he had formed a new company, SRC Computers, where he was planning to begin the design of the Cray 5 supercomputer.

Perhaps his most significant contribution was an approach to solving the daunting scientific and engineering problems known as "vector processing," chaining together long series of calculations in specialized hardware to expedite solutions.

Hermine Baron, 83, one of America's top-ranked women bridge players, died of cancer in Los Angeles on Sept. 27. For the last 22 years, Mrs. Baron had more master points than any other woman player, ending with 22,645 and the title of grand life master.

Emile van Lennep, 81, secretary-general of the Organization for Economic Cooperation and Development from 1969 to 1984, died Thursday at his home in The Hague. He had previously been treasurer-general in the Netherlands Ministry of Finance from 1951 to 1969.

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Burma Sanctions

A new law went into effect last week requiring President Bill Clinton to impose an American investment ban on Burma if its already repressive military regime extends its crackdown against dissent and democracy. The timing was exquisite. Burma is currently being shaken by the worst repression of the last five years.

The country's governing State Law and Order Restoration Council said that in the last week it had arrested nearly 600 members of the opposition National League for Democracy who were planning to attend a party conference. The league's leader, Daw Aung San Suu Kyi, said the figure was closer to 800. To reach foreign reporters, she had to sneak out of her house, which is now ringed by soldiers and barricades. The government has cut her telephone and stopped her regular weekend rallies.

The Burmese government's actions have provoked an unexpected and welcome international reaction. The Philippines and Thailand, the two most democratic members of the Association of South East Asian Nations, have persuaded that organization to delay Burmese entry indefinitely. Other nations, including Japan and Britain, are considering limiting their trade with Burma.

Washington's sanctions bill prohibits all new American investment if the Burmese authorities harm or rearrest Daw Aung San Suu Kyi or engage in widespread repression. These conditions have clearly been met. Daw Aung San Suu Kyi is effectively under house arrest, and the new crackdown is extensive by any standards.

President Bill Clinton last week condemned the Burmese conduct and banned travel to the United States by Burmese officials and their families. The administration chose not to apply the new sanctions immediately, but it promises to take a fresh look at the issue as early as this Monday.

Officials argued that sanctions would be more effective if Washington can persuade European and Asian nations to restrict their own trade with Burma, although they are unlikely to join in full sanctions.

Recruiting international support is wise, and a few days' delay is acceptable. But the administration should not wait for long to impose the ban on new American investment. The Burmese leaders are not likely to care much about the travel restrictions. Sanctions on Burma are now called for under American law, and should be employed unless the Burmese leadership releases hundreds more prisoners and allows freedom of movement to Daw Aung San Suu Kyi and her supporters.

—THE NEW YORK TIMES.

Talks Going Nowhere

By now, the Northern Ireland peace talks were supposed to be addressing the political issues at the core of the conflict. Instead they are going nowhere, haunted by the Irish Republican Army's reckless decision to resume deadly bombing attacks in Britain and all but paralyzed by a Protestant Unionist demand to revise the compromise disarmament formula on which the talks are premised.

Last week, David Trimble of the Ulster Unionist Party, usually the most moderate of the Unionist leaders in the talks, set a new condition for allowing the IRA's political wing, Sinn Fein, to join the negotiations. He now demands that even if the IRA declares a new cease-fire, its members must start handing over their weapons before Sinn Fein can enter the talks.

That goes well beyond the position of the British and Irish governments, which calls for disarmament timetables for all paramilitary groups to be worked out as talks proceed, with progress on other issues building the confidence needed to turn over the weapons. Under this compromise formula, put forward by the independent chairman of the talks, former U.S. Senator George Mitchell, no aspect of the peace agreement would be final until all issues, including the weapons issue, were resolved.

Little progress is expected until next year's British, Ulster and Irish elections have passed. But, as recent events in the Middle East suggest, a loss in negotiating momentum can quickly lead to tragic escalations in violence. Protestant paramilitary groups now indicate that they may return to terrorism, and there is a growing danger that the IRA could carry its current bombing campaign back to Ulster itself, where a fragile cease-fire still holds.

Those risks make it imperative that the three main sponsors of the talks, Britain, Ireland and the United States, press the Protestants to move ahead on the Mitchell formula for discussing disarmament alongside other issues, just as they must continue to press Sinn Fein and the IRA to renounce violence permanently. In practice, Britain, which has worked closely with Mr. Trimble in the past, has the greatest chance of persuading the Unionists to compromise.

All those on both sides who believe in peace ought to recognize that the only alternative to moving forward is sliding back toward the death and destruction that have brutalized Northern Ireland for the past quarter century and more.

—THE NEW YORK TIMES.

Encryption Muddle

The Clinton administration once had a coherent, if unpopular, position on encryption software, the stuff that allows you to encode your e-mail messages or other data so that no one can read it en route without a key. Now, in the wake of word that the president will sign an executive order, the position is no longer coherent, nor discernibly more popular with the high-tech audience it attempts to mollify.

People and companies doing international financial business are highly interested in this kind of software, the more powerfully "uncrackable" the better. The U.S. software industry thinks there's a lot of money in it, especially if encryption becomes routine.

The administration position till recently was that, much as U.S. software companies might profit from being able to market "uncrackable" encryption software freely, national security and law enforcement considerations dictated that such exports be controlled by license. Powerful encryption, like arms, could be dangerous in the hands of terrorists, rogue governments or international criminals.

The software was classed as a munition; software above a certain uncrackability level could not be exported unless law enforcement authorities could get access somehow to the "key" after obtaining the proper warrants.

Unbreakable codes on the loose strike us as a real danger, a legitimate reason for tight export controls. But if the administration really believes this, you'd think it would stick with steps that can plausibly meet the goal of control.

Instead, trying to please, it has been splitting and splitting the difference between itself and the largely unmoved industry, which argues that no one will buy an encryption product that a government can decrypt at will. As with arms sales, the companies also argue that if they don't sell it, somebody else will, and that anyway it's far too late to fence off rogues. The national security people respond that there is still a "window," perhaps two years, in which they can prevent, if not all leaks of unauthorized crypto technology, at least its off-the-shelf use and wide adoption as the international standard.

The administration initially proposed, then repeatedly refined, the concept of key "escrow" — depositing a copy of the code with trusted third parties — but never came up with a version that the industry would accept. It commissioned a National Research Council report, which recommended a significant easing of restrictions. Now the president appears to have embraced a yet looser form of licensure upon declaration by a company that it will develop a plan within two years for key recovery. Also, the technology no longer will be considered munitions.

What kind of plan? Nobody can quite say. What if the plans aren't acceptable? Licensing will revert to the old rule in two years. Will the security issue be moot by then? Probably. Barring some burst of clarity, one is left wondering whether the administration has compromised or caved, and what it now believes about the dangers of exporting uncrackable software.

—THE WASHINGTON POST.

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Without Concessions, How Do You Have Peace?

By Jim Hoagland

WASHINGTON — Bill Clinton says his Mideast mini-summit succeeded in getting "the Israelis and the Palestinians talking again at the highest levels." But talking is not the problem for Benjamin Netanyahu or Yasser Arafat. Talk is a way of life, if not a divine calling, for each man.

The real question is: Can the Israeli and the Palestinian listen to, and hear, each other? Neither has ever been impressive at that endeavor. They do not appear to have improved at it during their two days in Washington.

Mr. Netanyahu remains the mystery factor in the new Middle East equation created by Israeli elections four months ago. He left Washington without giving anything away, either to Mr. Arafat or to those who try to divine his true intentions toward accepting the partial surrender that Mr. Arafat offered Mr. Netanyahu's Labor Party predecessors.

Prime Minister Netanyahu agreed only to start what he called "nonstop negotiations" with the Palestinians back home. A Freudian slip, confirming suspicions that he intends to keep the negotiating process spinning on without ever producing real change or having to surrender more territory? His uneasy, stiff body language at President Clinton's summit-ending press conference seemed to confirm that view.

Sitting beside Mr. Arafat, the Israeli's edgy glances around the room were those of a man dragged into a police lineup despite his protestations of innocence. When they rose, Mr. Netanyahu stared straight ahead, not looking at the Palestinian and maneuvering awkwardly away to avoid touching him as they left the stage.

They looked like a bitter divorced couple at a school social, each determined not to acknowledge awareness of the other's existence. The handshake that Mr. Clinton later prodded them into did not erase the more telling image.

Somber, his face lined with age and scarred from accidents and a failed revolutionary's life, Mr. Arafat played the battered partner in this peace ménage. He had briefly demonstrated his old skills and his new power in pumping up protests against a tunnel opening in Jerusalem into widespread political violence. But that is Pyrrhic power. The death and destruction quickly established the narrow limits of his room to maneuver and of his long-term options. He knows he is condemned to carry out the deal he made with Labor in Oslo or to perish.

King Hussein came to the mini-summit meeting to tell Mr. Netanyahu that the Israelis also have much to lose beyond the local costs of a renewed, more violent intifada. Israel's friendly peace with the Jordanian monarch would not survive such a development. Egypt's Hosni Mubarak delivered the same message by staying away.

It was probably the prospect of these two Arab leaders openly abandoning the peace camp, rather than anything Mr. Arafat or Mr. Clinton said or did, that pushed Mr. Netanyahu into a grudging promise to work out a redeployment of Israeli troops "in" (not "out of") Hebron, and to meet again with Mr. Arafat if need be.

Mr. Clinton was right to say that doing nothing would have been worse than calling this desperation meeting. The president avoided making the angry glares that Ronald Reagan focused on Menachem Begin or the tongue-lashings that Jim Baker tried on Yitzhak Shamir when they undercut U.S. diplomacy. Instead Mr. Clinton emphasized that he would not take sides now that Mr. Netanyahu and Mr. Arafat have re-established themselves as "partners in peace."

But that seems to misread Mr. Netanyahu's real feelings about the Palestinians. At his news conference, Mr. Netanyahu showed that he still held the Palestinians entirely responsible for last week's violence. He could not offer any gesture to Mr. Arafat, he emphasized, because "when you are facing pressure you do not make concessions."

The man who uttered those words sees Mr. Arafat not as a partner seeking compromise but an adversary seeking deadly advantage. Israelis cannot show the slightest sign of weakness or Mr. Arafat will be at their throats. Overwhelming credibility, as well as overwhelming force, is needed for survival, Mr. Netanyahu tells Israelis and Arabs.

It is easy to understand why he and other Israelis distrust Mr. Arafat so deeply. Much of his career has been built on treachery, deceit and murder. But Oslo was Mr. Arafat's own recognition that he has reached the end of that road.

Israel's credibility does not depend on atomizing Mr. Arafat, or closing off every avenue of hope for the Palestinians that a nominal (demilitarized) state of their own can someday emerge from peace negotiations with Israel.

As long as Mr. Netanyahu acts as if he believes that Israeli credibility does depend on achieving those two unnecessary goals, he risks damaging the very thing he seeks to protect. He rushes to banish ambiguity and shadows that could serve his purposes if left in place.

The Washington Post.

Questions for the Candidates About American Foreign Policy

By Thomas L. Friedman

NEW YORK — Foreign policy has been missing in action from the Clinton-Dole presidential contest.

Bob Dole's criticism of the Clinton foreign policy has been limited to drive-by shootings (Clinton has a "photo-op foreign policy"), ridiculous cheap shots (Clinton has been too hard on the Israelis) or just feckless whining. As a result, Mr. Clinton has not really been pressed to address some of the most pressing foreign policy issues of the day. This is not healthy.

The Clinton administration has already committed the country to several major foreign policy endeavors scheduled to unfold just after the election, which the U.S. public and Congress have barely discussed. If Mr. Clinton wins a landslide victory based solely on his domestic policies, he will be free to interpret this as a landslide for his foreign policy initiatives as well, in which case the U.S. public could be in for a few surprises.

The temptation at Sunday night's debate will have been to ask the candidates for their foreign policy "visions," but the likelihood was that they would just recite scripted blather. The country needs a real debate now about the specific foreign policy issues that are waiting just around the corner.

Here are some suggested questions:

1. Former Bosnia negotiator Richard Holbrooke just testified to Congress that "no responsible person can contemplate going from 60,000 troops down to zero" in Bosnia. "The war could resume if that happened. Some form of residual international security presence is necessary." President Clinton, you promised to withdraw all U.S. troops from Bosnia by mid-December. If you still intend to withdraw them all, what would you say to Mr. Holbrooke, who knows the situation there well, and if you don't intend to, what would you say to the American people?

2. Mr. Dole, what sort of U.S. force would you like to see remain in Bosnia and for how long? If you say that no U.S. troops should remain and that we should arm the Bosnian Muslims instead, how will you explain that to our European allies who are uncomfortable with such a strategy?

3. To both of you, if U.S. troops do remain in Bosnia and start taking casualties, will you remove them, as in Somalia?

4. Mr. Clinton, you have committed the United States to expanding NATO. The new members — Poland, Hungary and the Czech Republic — will be announced in December, just after the election. Mr. Dole, you have supported this move. The NATO treaty calls for mutual defense. To both of you: Does this mean you are ready to extend the U.S. nuclear protection umbrella to Poland, Hungary and the Czech Republic? How much will it cost to bring the armies of these countries up to NATO standards, and who will pay for it?

5. Mr. Clinton, you are in favor of expanding NATO. Can you name the 16 countries already in it?

6. What will you both say to the Baltic states and Ukraine if you are admitting Poland, Hungary, the Czech Republic and not them? After all, the Balts and Ukrainians are just as democratic as the Central Europeans, and, given their closer proximity to Russia, in even more need of NATO membership. If you are not going to admit the Balts and Ukraine, what do you think will happen to them, floating between NATO and Russia?

7. On July 1, 1997, China will take control of Hong Kong. What would you each tell China today to ensure that its takeover there doesn't turn into another Tiananmen Square?

8. Mr. Dole, you have said America must have a national missile defense system by 2003 that would protect it from virtually any kind of missile attack. The Congressional Budget Office estimates that your proposal (if it is even feasible) would cost $78 billion to $184 billion. How will you pay for that — and please don't say by cutting waste, fraud and abuse?

9. Mr. Clinton, you once said you believed in deathbed conversions and even a Saddam Hussein might be redeemable. Do you still believe that? Your administration insists, officially, that it is not trying to overthrow Saddam. Why not?

10. Mr. Dole, is there any country to which you would not sell Kansas wheat?

11. To both of you: Name the *two* most important foreign policy issues for 1997. Not just *one*, Mr. Dole. We know that "leadership" is important. And not *eight*, Mr. Clinton. We don't have time for that many Sunday night, and neither will you in a second term.

The New York Times.

The New NATO Makes a Serious Partner for the New Russia

By Javier Solana

The writer is secretary-general of NATO.

BRUSSELS — In today's Europe, Russia and NATO are natural partners. The division and confrontation of the past are over. We now have the opportunity to work together rather than against each other to ensure peace and security. The new, renovated NATO can help to carry this process forward.

Many in Russia still wonder why NATO has not gone the way of the now defunct Warsaw Pact. The answer lies in a simple, democratic fact. It is because all the 16 member countries want to keep NATO and the benefits they draw from its existence. NATO is at once a forum for political and security-related consultation and coordination, and a structure which preserves the link between Europe and North America.

These purposes still remain valid for its member countries, but the means to achieve them have fundamentally changed. Today's NATO is different from the past. Let me describe how.

In 1990 we offered the hand of friendship to all countries of the Warsaw Pact. A year later we created the North Atlantic Cooperation Council as a forum in which NATO and those countries could discuss issues of common security.

In 1994 we invited all countries of the Organization for Security and Cooperation in Europe area to develop with NATO and its 16 member countries a Partnership for Peace. The goal is to enhance the capacity of our armed forces to cooperate in joint peacekeeping and humanitarian operations.

Twenty-seven countries, including Russia, are participating in a dynamic and growing process of cooperation that only a few years ago would have been considered unimaginable.

On the military side, allies have during this time reduced and reconfigured their armed forces, to better carry out new missions of peacekeeping and crisis management. Military forces in Europe have been substantially reduced.

In addition, we have moved toward a reduced forward presence. U.S. forces stationed in Germany have been cut by 65 percent; others — Belgium, Canada, France — are reducing their stationed forces or withdrawing them altogether. Readiness levels of forces have been lowered drastically.

NATO's nuclear forces have been cut even more drastically — by more than 80%. We have withdrawn all ground-launched nuclear systems from Europe, including missiles and artillery. The resulting low nuclear posture is seen by the allies as sufficient for their security and for promoting stability, both for today's alliance and for one that eventually includes new members. And it is our goal, in line with the improved security climate, to further reduce nuclear forces once START-2 has been ratified.

The NATO of today is thus a transformed NATO, politically, militarily and structurally, as a reflection of the greatly changed European security environment. This environment, is, unfortunately, not without its challenges — for example, Bosnia.

The Implementation Force in Bosnia is truly an international coalition for peace. The fact that NATO and Russian troops are working so successfully on the ground is a vivid demonstration that Russia and the NATO allies have a common interest in working for long-term peace and stability in the Balkans.

I have visited Russian troops in the Implementation Force in Bosnia. The professionalism they exhibit only confirms my belief that such NATO-Russia cooperation is indeed a deep well that we have just begun to draw from. Why not build on this by having Russian officers permanently at NATO Supreme Command Headquarters and, reciprocally, NATO liaison officers at the Russian General Staff?

Our common experience in Bosnia teaches us that, in future, the international community should be better prepared to meet similar challenges. We need to further develop our instruments for early warning, conflict prevention and crisis management. That is why we should exploit — in the best sense — the tremendous potential of the Partnership for Peace for combining our efforts to these ends.

The Partnership has put a premium on practical cooperation to develop the capability for partners and allies to work together jointly in a range of peacekeeping-type operations. Operation Joint Endeavor in Bosnia would have taken much longer to assemble and deploy and might not have been as successful as it has proved if the Partnership for Peace had not existed.

We need to intensify cooperation further, not just to reflect the lessons of Bosnia but to ensure the Partnership's effectiveness in preparing forces for future contingency operations. It can act as a catalyst for a common culture of security cooperation that will contribute to permanent stability across Europe.

Over time, some partners will become full members of the alliance. Welcoming new members into NATO does not require an enemy to justify it, nor is it directed against anyone. The countries which seek closer ties to institutions such as NATO or the European Union do so because they would like to be part of a Euro-Atlantic community to which they feel they legitimately belong.

For the remainder of this year, we will continue our exploratory dialogue with interested partner countries, based on the enlargement study that NATO published last year. This dialogue will help countries better understand the different aspects of NATO membership, as reflected in the study on enlargement, and help them in their ongoing military reform. It will also allow NATO to get a better appreciation of how each country could contribute to the alliance. NATO foreign ministers will determine the way ahead at their forthcoming meeting in December.

Let me underline that it is the new NATO, not the old one, which is opening its doors to new members. And if our vision of a new European security order is to be realized, that order must include Russia. NATO is working on ways to flesh out the substance of a new, permanent relationship with Russia.

There are a number of imaginative, positive proposals on the table, including a formal charter that would create standing arrangements for consultation and joint action between Russia and the alliance.

It is my ardent desire to see a Russia-NATO partnership that fulfills its still untapped potential. For our part, we have set out far-reaching proposals for ever closer political and military relations with Russia.

I will continue to invite Russia's political leaders and the Russian people to seize this potential and shape together our future partnership. NATO will keep these proposals on the table. It is now time to move forward together.

International Herald Tribune.

Lebed on Russia's Military Plight: 'Now the Situation Is a Nightmare'

The following are remarks made by Alexander Lebed, chairman of Russia's National Security Council, during an interview in Moscow last week conducted by Pezel Gusev for Moskovski Komsomolets:

Many people underestimate just how dangerous the present situation is. One can hardly believe it is so bad.

During the Soviet time a wrong notion was formed that the armed forces constituted a hundred thousand bayonets shining in the sun ready to charge on the orders of the secretary general of the Communist Party. That was far from being true then. Now the situation is a nightmare.

If I have an old, damaged armored vehicle, a faulty machine gun, shabby trousers and my stomach is so empty that it is sticking to my backbone, what are we talking about?

We don't even have a concept of national security worked out to assess threats and guide deployment of our forces. That requires a political decision, which has not been forthcoming.

In order to relieve the high state of tension in the military, to make time for taking serious measures, we need 6 billion rubles (almost $1.2 million). That would allow us to at least cover the arrears for wages and salaries. Here at the General Staff there has been no salary paid for the last three months. In the Far Eastern forces there is complete disarray.

Last year the federal budget covered only 40 percent of the needs of the military, and we didn't even get that in the end. The armed forces have fallen deeply in debt. The Defense Ministry owes its contractors 20 billion rubles!

If the will was there at the top, it would take a week to find the [6 billion rubles]. There are plenty of places to look for it.

For example, why is the gold extraction business in Russia unprofitable when it makes money everywhere else in the world? Why aren't we able to collect more revenues from those engaged in the import and export of vodka, tobacco and raw materials? I don't understand why the debts owed by other countries to Russia are not paid.

Taking into account the situation in the country, why can't the IMF allocate its funds for Russia on favorable terms? I assure you, we have enough sources of income.

Los Angeles Times Syndicate.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1896: Congo Revolt

BRUSSELS — The Governor-General of the Congo Free State, when on a tour of inspection to the camp at Irebie, learnt that on June 26 the Bikoros and other cannibal tribes of the Mahumba Lake attacked the camp. They were repulsed, but not subdued. They are furious that the sale of negroes has been forbidden, and that human sacrifices are no longer permitted, and have refused to pay taxes in kind imposed by the authorities.

1921: Alliance Humor

TOKIO — Far from considering protests advanced by the United States and all of the British overseas dominions against the renewal of the Anglo-Japanese Alliances, first negotiated nineteen years ago, as of paramount importance, government officials, politicians, publicists and the newspapers are inclined to view the ferment over it as something approaching a tempest in a teacup. They do not appear to be at all resentful against the attitude of the United States. Rather, they seem to extract considerable humor from the fact that their powerful British ally is unable to control its unruly children in Canada, Australia, New Zealand and South Africa.

1946: Stepinac Trial

ZAGREB — A long line of prosecution witnesses appeared on the stand at the trial of Yugoslav Archbishop Stepinac to testify on compulsory conversion to Catholicism by priests and the massacre of Serbians during the Ustachi regime. Most of the witnesses were Croatian Catholic peasants or laborers. They told of Catholic priests, armed with pistols, going out to convert the Serbs, after which the Serbians were put into concentration camps and killed.



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LANGUAGE

Hackspeak: From Rockets to Ceasefile

By William Safire

WASHINGTON — Reader-friendly novelists whose characters wander through arcane worlds are now adding a new element to their work: glossaries, defining words not in most readers' vocabularies or available in standard dictionaries.

"Hackspeak: A Glossary" is right up front in the novel "Hacks" by Christopher S. Wren (Simon & Schuster, $23), a member of the foreign staff of The New York Times. He refers to the argot of the *hack*, the foreign correspondent, which is Wren's occupation when filing dispatches for The New York Times in the daytime. It is a refinement of *hack writer*, or "literary drudge," derived from *hackney horses*, the worn-out equines that drew carriages along the cobblestone streets of London.

The *hack* that led to "journeyman writer" and now to "itinerant journalist" is not the same as *hacker;* that modern word for "cyberobber" comes from the verb *to hack*, meaning "to chop or cut crudely," which led to the sense of "to do a successful job," as in "That fellow can really hack it." Computer *hackers* are good at what they do until they get caught, while foreign correspondent *hacks* are ejected from totalitarian states when they are doing a good job.

A *ceasefile*, according to Wren, is an "agreement among reporters on a story not to file competitively," similar to, though more nefarious than, a *lid*, a press secretary's assurance that no news will be forthcoming for a specified time.

□

Fuzz and wuzz is "urban police reporting," with *fuzz* from "police" and *wuzz*, a spelling variant of the past tense of the verb for a state of being, referring to corpses.

Another rhyme is *run and gun*, which Wren defines as "news coverage of homicides, fires, car crashes, and other daily mayhem." *To run in* has had a meaning of "to arrest" since World War I, and *gun* as a verb has a meaning of "to shoot." The combination of *run-and-gun*, hyphenated, may have begun in basketball, where it means to play aggressively, to run at the basket and shoot.

Not in the glossary, but recognizable to members of the trade, is the novelistic hero's name, T.K. Farrow. The initials *TK*, as the copy editor of this column knows all too well, are used without periods for "to come," with the "come" laid down in a way — "kum" — to meet the approval of a spelling reformist who never puts the story in the lede. Whenever I have a hot hand — that is, writing with easy passion and at high speed — I hate to stop and look up a fact, preferring to put in *TK*, thereby promising the editor to supply the missing item later. (Sometimes I forget, and the researcher and copy editor don't catch it, and we all look like jerks.)

A *rocket* is the bane of a foreign correspondent's existence: "a message from editors alerting a reporter to a competitor's story." Whether this is caused by the other guy's enterprise or by his dirty betrayal of a *ceasefile*, the rocket from home necessitates what journalists call a *catchup* or *matcher* or *follow*, usually spelled "folo."

□

A *laptop* is denoted as a "portable computer." That's obvious enough, but I note it here to illustrate a difference between makers and users. Five years ago, a 12-pound computer was called a *laptop*, to differentiate it from a *desktop*. (Both are adjectives that have become nouns.) When the six-pounders were introduced to save a whole generation of humans from lopsidedness, the manufacturers called their product *notebook computers*, with their even smaller and lighter cousins, *subnotebooks*. But persnickety journalists tend to resist official nomenclature, and today's six-pounders are called *laptops* as in olden days, and the little ones are called *the little ones*.

Wren defines *suit* as a "senior news executive, especially one without field experience." I don't want to be a lexicographical bigfoot (that's a media biggie who treads on the toes of local correspondents), but the gentle definition leaves out some of the scorn felt by reporters for the consultants and top brass who think journalism not merely a noble calling but a business that should turn a profit.

□

This is a natural segue (a noun based on a verb in music for "to follow immediately," but in the news business, especially in radio, "to use a word or related theme as a smooth transition to another topic") to a novel by William Hood, a veteran operative for the CIA and its predecessor, the Office of Strategic Services, titled "The Sunday Spy" (Norton, $25). The author includes espionage argot that cries out for a glossary.

A *suit*, in spies' lingo, is a *P.C.* — not "politically correct," but a military intelligence officer in "Plain Clothes," not in uniform. I would speculate that the underworld use of suits to sneer at plainclothes detectives is the basis of the pejorative connotation of the term.

A treff is a "contact," its derivation unexplained in the text. A call to Hood, who is no longer under cover, reveals that the slang noun's origin is in the German verb treffen, "to meet."

A *wafflebottom* is defined in Hood's novel as OSS slang for a communications engineer, and the term gradually broadened to any intelligence officer involved in technical work; the CIA usage now includes "specially cleared personnel who deal with codes and ciphers." It is rooted in the imprinting of a chair on the seat of its occupant, and was first recorded in espionage use in TK.

New York Times Service

BRIDGE

By Alan Truscott

THE results of junior competitions are a good way to predict performance at world level. In the Schools Championship, for teenagers, the medals went to Germany, Israel and Britain, in that order.

That the Dutch player who made a brilliant deceptive effort on the diagramed deal did not end up with a medal attests to the high standard of play.

North and South were the brothers Sjoert and Niek Brink, who were in three notrump after West had made a weak jump overcall.

The spade queen was led, and Niek Brink faced a hopeless task. He had only seven tricks available, and the heart suit was wide open. After winning with the spade king he thought a little and led a heart to his queen.

West won with the king, and it did not occur to him to return a heart. He persevered with spades, giving South his eighth trick. Brink needed a ninth, and knew that he had no chance if East held the diamond ace, for that player would produce a deluge of hearts given the opportunity.

So after winning the spade ten, Brink led a low diamond. West was still in the grip of the illusion created at the second trick and played low. When dummy's queen held, Brink claimed nine tricks, and West discovered the awful truth about the heart suit in the post-mortem.

NORTH
♠ K
♡ 9 8 7
◇ K 6 4 2
♣ A Q 8 4 2

WEST
♠ Q J 9 8 6 4
♡ K 6
◇ A 10
♣ 10 7 6

EAST
♠ 7 5
♡ A J 10 4 3 2
◇ J 9 5
♣ 5 3

SOUTH (D)
♠ A 10 3 2
♡ Q 5
◇ Q 8 7 3
♣ K J 9

Neither side was vulnerable. The bidding:

South	West	North	East
1 ◇	2 ♠	3 ♠	Pass
3 N.T.	Pass	Pass	Pass

West led the spade queen.

BOOKS

THE INDEBTED SOCIETY: Anatomy of an Ongoing Disaster

By James Medoff and Andrew Harless. Illustrated. 241 pages. $24.95. Little, Brown & Co.

Reviewed by Christopher Lehmann-Haupt

MOST people juggling their multiple credit-card accounts might blame their mounting debts on a general failure of character, or at least on the late-20th-century mushrooming of too-easy ways to run up bills.

But James Medoff and Andrew Harless, respectively a professor of labor and industry at Harvard and a financial consultant with a doctorate in economics from Harvard, offer a kinder, less judgmental explanation in "The Indebted Society: Anatomy of an Ongoing Disaster," which looks deeply into the comings and goings of money, mostly the goings.

Medoff and Harless write that the slower productivity growth and stagnant wages of the 1970s put American wage earners in a squeeze. By putting ourselves in debt we were partly trying to maintain our standard of living and partly trying to comfort ourselves with possessions.

Besides, we consumers weren't the only ones to sin, the authors add. Debt was general all over the economy. The federal government sinned, too, with the help of Reaganomics. And corporations, too, thanks to the U.S. tax code and "a changing ethos in the American boardroom."

As a result, the American economy descended into a hell of "interlocking vicious circles." In one of them, corporate debt and reduced productivity nip at each other's heels. In another, low savings and slow productivity growth bite each other's tails.

The authors love a metaphor. "This vicious circle, this pit bull foaming at the mouth, what damage has it done so far?" they ask. "It will take more than rabies shots to resuscitate growth in U.S. living standards!"

Yet Medoff and Harless identify culprits and a possible way out of the morass. The culprits are the people who lend, much swollen in number and wealth these past few decades: not menacing sharks or top-hatted men with gold chains, but ordinary citizens who invest in bonds and live on the interest. And they are supported by the members of the Federal Reserve Board, who put too much stock in "the NAIRU — the 'non-accelerating inflation rate of unemployment' (also known as the 'natural rate of unemployment')," which the authors characterize as a damnable chimera.

If only the Fed would realize that the evidence for this concept is shaky at best, the authors lament. Then it would stop worrying that unemployment below a certain point is inflationary, and it would take the productive step of lowering interest rates as the economy instead of raising them and the economy, as it now tend

The authors grant that l lower interest rates may seem such a book. Yet their evide "low interest rates don't rea age borrowing," but stimula only in various other ways.

But the Fed won't cut int they conclude, because its aren't accountable to anyone except a theory that appear yet isn't. So the hope the auth in building a broad political favor of tapping the "slack of the economy through "sn ernment spending and in re federal deficit by, um, raising

Or if taxes are unaccepta present climate, then try ta savings, because "a policy cessfully raises the U.S. priv rate is just as good as a p reduces the deficit."

All the same, their anato indebted society is clear and p full of sensible proposals for even more accurately our blood pressure and pulse. If with even half their logic, the p a tax cut now will seem alt diculous.

Christopher Lehmann-Hau staff of The New York Times.

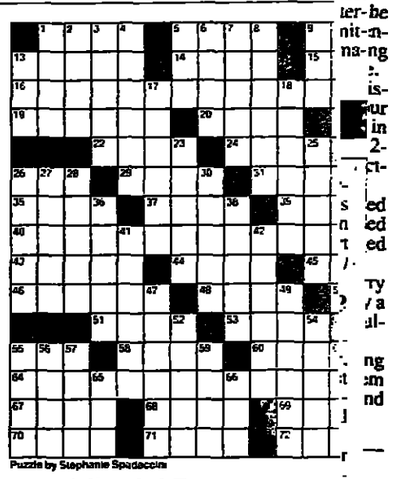
CROSSWORD

ACROSS
1 Wolf, in Juárez
5 Little bit
9 At the acme of
13 Desert caravan stops
14 Londoner, e.g.
15 1984 film "—— Man"
16 "Au revoir"
19 Hol, so to speak
20 Framework
21 Gypsy Rose's last name
22 "—— Plenty O' Nuttin'"
24 Close loudly
26 Jewel
29 Belonging to us
31 Ancient
35 Dangerous March date
37 Firearms
39 Mosaic, e.g.
40 "Au contraire"
43 Autumn color
44 Energetic one
45 Declare positively
46 Winnie-the-Pooh companion
48 Speaker's platform
50 —— gratia artis
51 Prefix with cure
53 Harvest
55 Attack riotously
58 Warble
60 Yell
64 "Au courant"
67 Shipbuilder's wood
68 Word-of-mouth
69 Mideast leaders
70 Jekyll's alter ego
71 Nothing, south of the border
72 "See, I did it!"

DOWN
1 Cafe au ——
2 Sonja Henie's hometown
3 Attorney Melvin
4 Upstate New York city
5 Blue chip co.
6 Portland's state: Abbr.
7 Wedding cake layers
8 Well-known Hun
9 Evita's country: Abbr.
10 Greenish blue
11 Ronny Howard TV role
12 Corn bread
13 Extra playing periods, for short
17 "That will do!"
18 Slowly, in music
23 Lined up perfectly
25 High I.Q. society
26 W.W. II soldier
27 Draw out
28 Netted
30 Headband
32 Baseballer Tony
33 "See ya!"
34 Easter egg colorers
36 Barber's razor sharpener
38 Canape picker-upper
41 Actress Wright or singer Brewer
42 Churchman
47 Phonograph's inventor
49 Little perfumed bag
52 The "I" in IV
54 —— donna
55 Arith.
56 Do what you're told
57 Actor Pitt
59 Egg on
61 Sir Geraint's wife
62 Taj Mahal site
63 Ed's documents
65 —— out a living (get by)
66 St. Augustine's state

Solution to Puzzle of Oct. 4

C	I	G	A	R		E	M	B	O	S	S	I	N	G
O	Z	O	N	E		R	O	A	D	T	O	R	I	O
S	E	V	E	N	T	Y	T	H	O	U	S	A	N	D
			A	T	H		H	A	R	D		T	O	O
	V	C	R		E	R	E	I			N	E	S	T
V	I	E		C	B	E	R		C	S	A			
A	S	Q	U	I	E	T	A	S	A	M	O	U	S	E
M	O	U	N	T	A	I	N	C	L	I	M	B	E	R
P	R	I	C	E	R	E	D	U	C	T	I	O	N	S
			U	S	S		F	L	U	E		A	D	E
S	O	F	T			S	A	L	L		E	T	S	
C	R	O		A	P	E	T		U	S	A			
A	C	R	O	S	S	T	H	E	S	T	R	E	E	T
L	A	M	B	A	S	T	E	D		E	L	A	T	E
A	S	S	E	N	T	E	R	S		P	Y	R	E	X



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SIEMENS NIXDORF

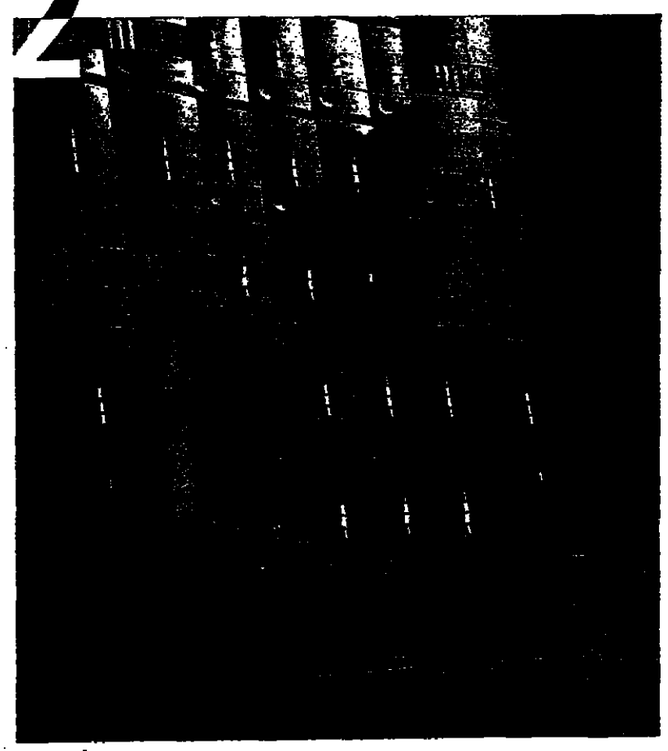
1



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Siemens Nixdorf: User Centered Computing

pe's Fluctuating Health Has the Vatican in a 'Sense of Waiting'

By Celestine Bohlen
New York Times Service

ST— For months the news from Pan has fluctuated like the line ant's chart. Some weeks, Pope n ll looks better, but on the s when he seems weak, vague o than his 76 years the whispers ain: "Il Papa sta male": the t well.

onth, on the last day of a cold al trip to Hungary that left the p the Roman Catholic Church w and at moments in evident b whispers became official.

owing out a few vague details a pe's health, Joaquin Navarro- r chief spokesman, in effect ad- cl obvious: Not only is the Pope P Vatican is either unclear about him or doesn't want to say.

w later the Vatican issued what it edical bulletin: The Pope, suf- m a "periodic inflammation of d idix," will undergo "related surgery," now scheduled to take place Tuesday at the Gemelli clinic in Rome, where he was admitted Sunday. In all other respects, the pontiff's health gives no cause for concern, the bulletin stated.

The Sept. 14 bulletin did little to allay concerns, particularly since it sidestepped the recurring question of Parkinson's disease, a neurological disorder that could explain the continued trembling of his left hand. As a French hospital administrator said after watching the Pope celebrate Mass in Tours, France, two weeks ago, "This story about the appendix, it is very nice, but it is not very believable."

The preoccupation with the Pope's health, inside and outside the Vatican, has overshadowed much of what he does and says these days. Not only are his physical abilities clearly reduced, but many people now talk more and more openly about the "autumn" of his pontificate, which enters its 19th year this month.

Compared with last year, when he came forth with a prodigious series of encyclicals, pastoral letters and major speeches, the Pope's message this year has been scarcer and more subdued. As some have noted, he has already said most of the things he wanted to say: Communism is dead, the church doctrine on questions like sexual mores, women as priests and celibacy for ordained priests is well known, and so is his often-repeated goal to lead the church into the third millennium.

"I think he is finding it difficult to learn how to be an old man. It is not a role he had prepared himself to play."

As with any lifetime job, the papacy is necessarily sensitive to the question of death, as well as to anything that hints at a disabling disease. Mr. Navarro-Valls was reportedly chastised by people close to the Pope for having said as much as he did in Hungary — perhaps for an unscripted remark in which he attributed the trembling of the pope's left hand to "extrapyramidal" causes. The term refers to that part of the central nervous system outside the pyramidal tract in the brain stem.

Doctors say Parkinson's disease — which can cause trembling, muscle rigidity and other deterioration — is a form of extrapyramidal disease.

For all the attempts at reassurance about the Pope's health, some students of the papacy say a sense of transition can already be detected within the Vatican's vast and secretive bureaucracy.

In an interview with Marco Politi, the Vatican reporter for the Italian newspaper La Repubblica, an unidentified monsignor described as working in the Vatican said many there shared his view that the "parabola of a reign is in its final phase."

"The day-to-day work goes on," the monsignor said, "but everywhere, there is a sense of waiting in the air." He noted that there was also a division at the top of the Roman Curia, which conducts the affairs of the worldwide church, over how to handle the question of the Pope's health.

"There are those who want to say nothing," he said, "and those who want say only the minimum required not to be accused tomorrow of having lied."

Yet, for all the Pope's apparent frailty — his slow, rigid step, his labored readings and the blank look that sometimes precedes a doze — he continues to show remarkable stamina. On the last day of his recent trip to France, he celebrated Mass in the morning for 200,000 people, drank champagne at a lunch with French bishops, visited a shrine, met with the local laity and attended an airport departure ceremony, delivering speeches at almost every stop.

The contrast between his ups and downs is one reason there is so much disagreement on the state of his health. Some, like George Weigel, a senior fellow at the Ethics and Public Policy Center in Washington, who meets with the Pope regularly, say they have seen no sign of any diminished intellectual vigor.

Instead, Mr. Weigel said, he sees a "76-year-old man who has worked 18 hours a day for 18 years," and a man, known for his physical robustness, who is now having trouble slowing down.

"I think the Holy Father is finding it difficult to learn how to be an old man," he said. "It is not a role he had prepared himself to play. And we are going to have to accustom ourselves to an older, less vigorous pope, which is something of a shock given what we are used to seeing."

The Pope has already undergone two operations to his abdomen: one in 1981, when as a result of a wound suffered in an assassination attempt he had more than three feet of intestine removed, and another in 1992, when a tumor the size of an orange was removed from his colon.

eban Appeals for Aid Rebuild Afghanistan

mpiled by Our Staff from Dispatches

L — Afghanistan's new Is- ers appealed for international ay to help rebuild the country, gave no hint that they would olicies that have all but halted nal aid projects here.

cting foreign minister, Mo- Ghous, said at a news con- hat 17 years of war had left tan facing disaster.

re hoping that all countries will t in the reconstruction of our he said. "The administrative nd public services are para- we don't have cooperation and e from foreign countries, it will ifficult for Afghanistan to stand n feet."

m aid groups here — helping 0,000 people a day in Kabul alone eir projects have ground to a halt they depend on women who are allowed to work by the hard-line movement that captured the cap- end of September.

intend to appeal to the Taleban, probably on Monday, to find a solution to a problem several aid officials said could lead to a shutdown of projects and a halt to the flow of funds from the West.

Mr. Ghous, however, called the issue a "small" problem. "I would like to ask these organizations to continue their cooperation," he said, "and I am hopeful that these small questions will be resolved in the future."

He added that the related issue of women's education would have to wait. The Taleban has suspended all education for women in the three-quarters of the country that it has captured.

On Saturday, the Taleban assaulted the Panjshir valley, about 40 miles (65 kilometers) north of Kabul, the stronghold of the former government's military chief, Ahmed Shah Masoud. But the defenders counterattacked Sunday with rockets and no further advance was reported.

Mr. Ghous said the Taleban was willing to talk peace with Mr. Masoud, who defended the valley in the 1980s against repeated assaults by Soviet forces.

(Reuters, AFP)

nericans Deny Rumor a Boutros Ghali Deal

By John M. Goshko
Washington Post Service

TED NATIONS, New York — In st twist to the controversy over nton administration's campaign y Secretary-General Boutros Ghali a second five-year term, ted Nations is abuzz with reports by diplomats that Washington accept a compromise extending in office by one or two years. ever, American officials categor- leny the reports and say they are ined Mr. Boutros Ghali will not day beyond the Dec. 31 ex- of his current term.

Jan. 1, 1997, he no longer will be y-general," a senior American said.

American officials ascribed the tion to the lingering belief of JN members that President Bill has opposed Mr. Boutros Ghali ter potential criticism from his lican presidential challenger, Bob nd will prove more flexible about promise if he is re-elected. That, icials stressed, is a misreading of S. conviction that Mr. Boutros nust go.

administration announced in May vants to replace the veteran Egyp- plomat with someone it regards as villing to push the world body into l reform. The United States said necessary it would use its veto in ecurity Council to block Mr. s Ghali's re-election.

, as the General Assembly's an- ree-week debate draws to a close, as been little sign that U.S. lob- has chipped away the backing that Mr. Boutros Ghali enjoys among a majority of the United Nations' 185 members.

Instead, African and Arab countries have gone out of their way to reaffirm their support, and the other 14 Security Council members have backed Mr. Boutros Ghali or withheld endorsement of the U.S. position.

Speculation about a compromise derives in part from the fact that the United States originally offered Mr. Boutros Ghali what U.S. officials called "a departure with dignity" — one that would have extended his term for another year until his 75th birthday. When he rejected that and announced his candidacy for a full second term, however, Secretary of State Warren Christopher told him that Washington's offer was "off the table."

Nevertheless, many diplomats, citing the strong international sentiment for Mr. Boutros Ghali's re-election and Mr. Clinton's past record of changing positions, seem convinced the United States can be talked into resurrecting the offer.

"We have been sounded out about a compromise truncated term, but it's a trial balloon floated by Boutros Ghali's supporters," a senior U.S. official said. "They want to know if there is any room to deal. The answer is no."

A separate but corollary proposal would change the secretary-general's tenure in office to a single seven-year term with no possibility of re-election. U.S. officials say they would be willing to consider that idea, but only as part of a future reform package after a new secretary-general is elected to succeed Mr. Boutros Ghali.

SWISS: *Neutrality on Trial*

Continued from Page 1

If the irredentist rules of the Balkans were to apply here, Switzerland would not exist. Of its four official languages — French, German, Italian and Romansch — three are those of more powerful neighbors encircling a tiny land with little more by way of natural resources than picture-postcard views and a talent for making noisy clocks, triangular chocolates and complicated penknives.

It is that perception of the small, independent-minded kid forced to live by wits alone on a block of bullies that colors so much of Swiss life. To this day, all Swiss men do compulsory service in the citizens' army, whose role is psychological more than strategic.

That force is supposed to defend Switzerland's neutrality, the defining core of a nation that refuses to join the United Nations and whose citizens have formally rejected closer association with the rest of Europe.

"We live on this myth of neutrality," said Fritz Gysin, a professor of American Literature at Berne University, arguing that neutrality had always been defined as a strictly Western impartiality.

Indeed, the promise of Switzerland's immunity to the instabilities surrounding it has historically underpinned the idea that money in a Swiss bank is safe money. Even such leading Nazis as Hermann Goering banked in Switzerland.

But the concept of neutrality also underlies the current debate: What price did Switzerland pay for remaining aloof, and was it justified by the cost to others?

The country's wartime record toward the Jews, said Paul Rechsteiner, a Swiss legislator, belongs "to the darkest chapters of our recent history."

Indeed, only last year did Switzerland formally apologize for its secret 1938 deal with the Nazis to prevent Jewish refugees from crossing its borders — an agreement struck in the name of neutrality.

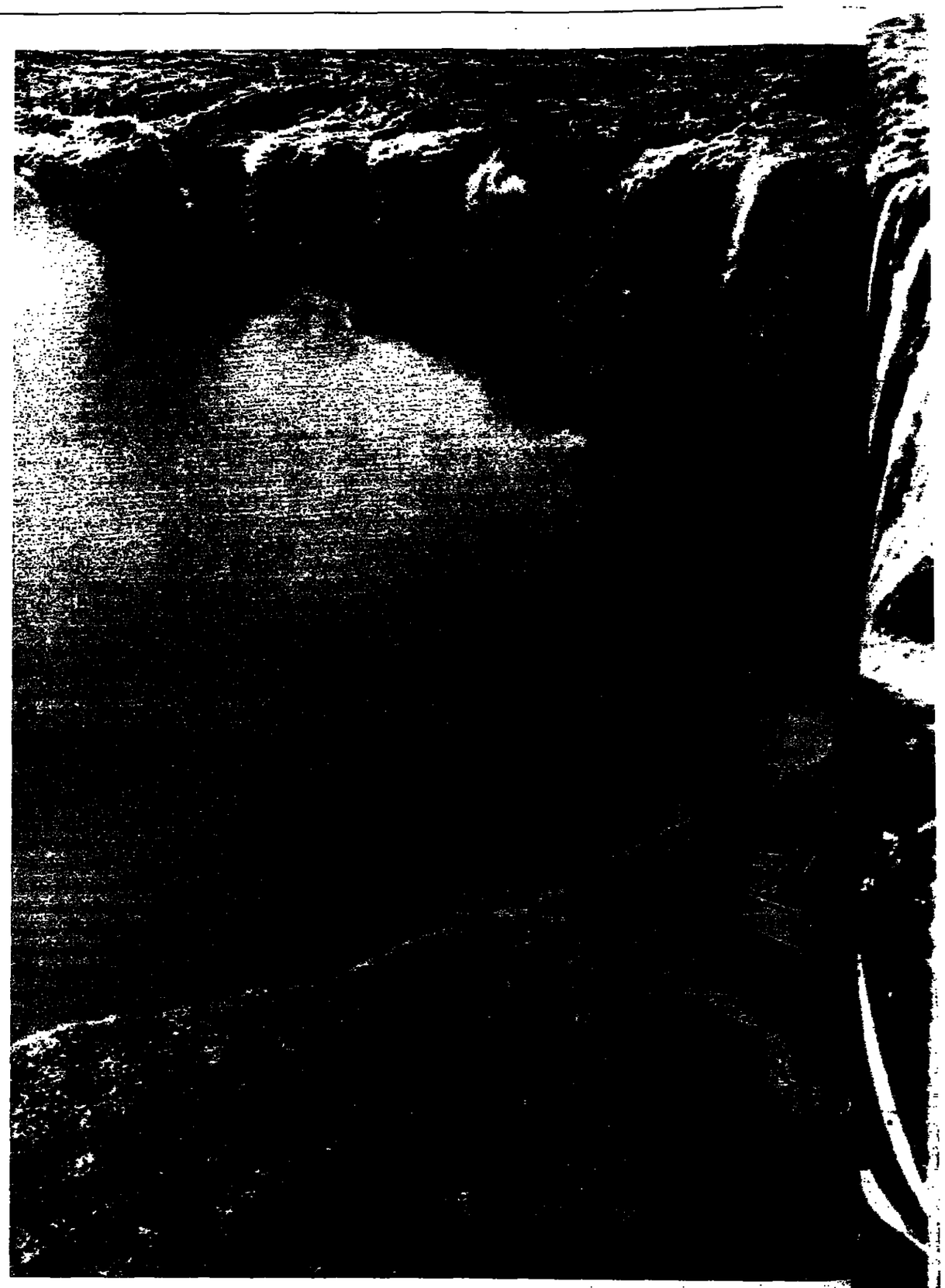
The Swiss themselves survived World War II unscathed because of "economic factors, collaboration," said Mr. Gysin, and now, after years of studiously avoiding the issue, they have begun to contemplate their past "not with guilt, but with unease."

"This could have been handled earlier with greater charm and delicacy," said Hans Baer of the Swiss Bankers Association, referring to the issue of Switzerland's long reluctance to look too deeply into the value and whereabouts of accounts left by Holocaust victims.

But it is a peculiarly Swiss unease, rooted in a readiness for obfuscation and self-deception that Germany's Die Zeit newspaper described as "a master performance of myth-building, from William Tell to the Alpine redoubt to neutrality."

The inquiry that Switzerland is promising may thus be no more than damage control to try to restore the respectability that underpins Switzerland as a leading financial center built on Europe's strongest currency. And where that bottom line is concerned, there is simply no room for hand-wringing.

As Robert Vogler, a spokesman for Union Bank of Switzerland, the country's biggest, put it, "No one's closed their account yet."



RTHS: *Japanese Women Can't Be Bribed to Have More Babies*

tinued from Page 1

ie same sum to newly d couples who have a child — but only after ave stayed in town for a

ny other Japanese also offer cash for . but Kyokushi's re- are among the highest. problem is that the po- procreators, like o Hirayama, are unim- d. Mrs. Hirayama, 25, in a farm family on the of Kyokushi with two en, 5 and 3, and she is ng pleas to have more. tell her all the time to more kids," said her r-in-law, Atsuko. "I'm and I was once a nurs- acher, so I tell them the r the better. But kids days seem to think all kinds of things."

at are these things? The ger Mrs. Hirayama said he doubted she had the or money to raise four en properly, and she added that she relished what free time she had.

"People in my generation feel we want kids," she said, "but we also want to enjoy our own lives."

Since Kyokushi introduced the reward in April, no woman with three or more children has become pregnant. Women interviewed around town all suggested that the amount was far too small.

"It costs far more than that to raise a child," noted Emi Nagata, a 34-year-old mother of two who was shopping in the main grocery store in Kyokushi. If the reward were offered "not once but every year," she said, people might find it more tempting.

One might think, after enduring the Tokyo subway during rush hour, that a reduced population would not be such a bad idea. After all, Japan's projected 55 million inhabitants in the year 2100 still represents the same population that the country had in 1920, and that would still create a population density five times that of the United States today.

Yet there seems little enthusiasm for a tumbling population. One reason is apprehension about the destabilizing effects of a smaller work force, declining land prices and a shrinking economy.

Another is worry that Japan will become a less important country, as its population drops to just one-quarter of America's soon after 2050, from two-thirds of America's a century ago.

Fertility rates have risen in some industrialized countries in recent years. But just why is unclear: it could be a statistical discrepancy, or the result of cash payments and maternity benefits that some governments have offered, or a function of social changes that make it easier for a woman to combine motherhood with a career — or the result of an influx of immigrants whose higher birthrates have driven up the total.

Whatever the reason, Sweden has bolstered its fertility rate to 1.9, from 1.7 in 1980. Likewise, the fertility rate in the United States has risen to about 2.0, from less than 1.8 in 1975. Even when the U.S. fertility rate falls below the replacement level, the population is expected to increase steadily because of immigration.

Japan is considering substantial increases in child and maternity benefits, which are now minimal. These seem critical in the calculations of some women, such as Michiko Kawamura, a strong-willed homemaker who is a bit of a local heroine in Kyokushi because she has had four children.

"Our fourth child was on condition that my husband help more," Mrs. Kawamura, 37, said. "But then after I had the baby, he kept saying that he was too busy. So I ended up doing all the work by myself."

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INTERNATIONAL

Hardest Task in Mideast: Repairing the Lost Trust

By Edward Cody
Washington Post Service

ABIREH, West Bank — Palestinian policemen armed with AK-47 automatic rifles took in the shade of a palm tree at one end. Israeli soldiers with M-16s manned a blue-painted watchtower and concrete barriers at the other end. Between them ran 200 yards of a no-man's-road, strewn with rocks, blackened with burned tires and heavy with mistrust.

Isolate scenes such as this on the outskirts of this prosperous West Bank town north of Jerusalem, are grim reminders of the spasm of violence in Gaza and the West Bank.

Fifteen Israeli soldiers and about 60 Palestinians, mostly civilians, were killed in the clashes. Also gravely wounded, perhaps mortally, was a sense of cooperation that had been building between Palestinian and Israeli security services since the carrying out began of the Palestinian autonomy arrangements reached in 1993 in Oslo and in subsequent negotiations.

Repairing the lost trust looms as the most difficult

NEWS ANALYSIS

task facing Palestinian, Israeli and U.S. negotiators as a new round of peace talks began Sunday. But unless each side can be persuaded that the other is acting in good faith, the talks are likely to stalemate quickly, officials in Jerusalem predicted.

Prime Minister Benjamin Netanyahu's conservative Likud government has prepared demands for security arrangements in Gaza and the West Bank — particularly around Hebron, the last major West Bank town fully occupied by Israeli troops — that add significantly to what was agreed to at Oslo, they said.

Yasser Arafat's Palestinian Authority, while willing to be flexible on practical details, has vowed to resist changing "even a comma" in the agreements signed by him and the Israeli governments headed by Yitzhak Rabin and Shimon Peres.

According to diplomats attuned to Mr. Arafat's thinking, he and his lieutenants came away from Washington last week convinced that Mr. Netanyahu is ready to abandon the peace process unless he can refashion the accords to match his security-conscious policies. This conclusion, they said, was based on the delay in carrying out the Israeli withdrawal from Hebron under agreed conditions and the refusal to move on that and other issues despite urging from President Bill Clinton in Washington.

The Israeli government has insisted that it remains willing to follow through on the accords despite the delays since Mr. Netanyahu took power in June. But at the same time, Mr. Netanyahu's longstanding determination to add to the Oslo security precautions has been strongly reinforced by what happened last week, according to senior Israeli officials.

"Most Israeli security officers say a new security reality has emerged in the territories, because the whole Oslo process was based on a cooperative regime of joint patrols and things like that," said a senior Netanyahu aide.

Throughout the 1987-93 Palestinian uprising known as the intifada, Israeli troops were able to open fire on stone-throwing Palestinians without fear of return fire. But with 30,000 armed Palestinian police in Gaza and the West Bank, and with an unknown number of weapons in the hands of Palestinian civilians, the security equation suddenly seemed radically different.

Similarly, the clashes that erupted just over a week ago, along with Israeli restrictions imposed since then, have exposed a hard reality that many Palestinians avoided thinking about. That is that the autonomy they gained in Oslo remains extremely limited and Israel retains ultimate control over their lives.

In the talks that opened Sunday, Mr. Netanyahu's government plans to demand that the Palestinian Authority disarm civilians and discipline Palestinian policemen who fired at Israeli troops, a ranking aide said.

In addition, he said, Israeli negotiators will seek to "superimpose precautionary measures" on the security arrangements outlined in the Oslo accords, at least temporarily. Some reports have suggested this means the creation of buffer zones — formalizing the no man's road here — in which Palestinian policemen would not be able to penetrate bearing arms even though the zone falls under the Palestinian Authority's control.

Q&A / Jean-Philippe Beja

China Patriotism Cuts Both Ways

Recent efforts by Japanese rightists to assert Tokyo's sovereignty over the uninhabited Senkaku Islands, also claimed by China and Taiwan as the Diaoyus, have unleashed a wave of protests against the Japanese in Hong Kong, Macau, Taiwan and China itself. Jean-Philippe Beja, head of the French Center for the Study of Contemporary China in Hong Kong, spoke with Kevin Murphy of the International Herald Tribune.

Q. How do you explain the intensity of pro-Chinese, anti-Japanese sentiment sparked by this dispute, and how does it fit in with a rising trend of nationalism in China itself?

A. One is a problem of ideological crisis in China. Since 1989, obviously there has been a decline of socialism in the whole world, and even more since 1992, with the quick market-oriented economic reform. The standard, traditional ideology in China has declined to such a level that no one believes in Marxism-Leninism anymore and that very few people even dare talk about it.

So the Communist Party faces a legitimacy crisis. In a society that is more and more broken up, you need, in the Chinese tradition, to have an ideology to keep things together. With the market system, everyone goes their own way.

Another aspect is that there is the problem of national reunification. What kind of a goal can you give people now when one of the sources of legitimacy of the Party was the liberation of China, and the reunification of China, which stopped in Hong Kong and Taiwan?

Now, Hong Kong being returned in 1997, they have to adopt a strong national stance in front of Taiwan. It's one goal, one objective you can give the Chinese people and a way to mobilize them. This is why nationalism is so important on the mainland.

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Q. And in Hong Kong?

For Hong Kong, the Diaoyus are something else entirely.

In 1971, when the Americans were getting ready to give back Okinawa to Japan, they added the Diaoyus, and there were very big demonstrations, a strong movement among overseas Chinese. I was in the United States at the time, and it was the first time that pro-Taiwan, pro-Beijing and Hong Kong students walked together on the streets, to claim sovereignty over the Diaoyus.

People were becoming more and more proud of China and in a way wanted to emphasize their identity, to show that they belonged to another civilization which was a worthy civilization.

Here in Hong Kong, it was exactly the moment when a generation came of age. Until then, Hong Kong people had been transient — Hong Kong was a stepping stone to somewhere else. Some people were Westernized and some were Chinese. But people born in the 1950s came of age at that time and they belonged to Hong Kong, where they had to understand what their identity was.

Were they Chinese? Or British? Or were they colonial subjects? The Diaoyus at that time allowed them to show a sense of community with the whole Chinese world, and more than just China.

Q. And is it different now?

A. The political situation is this: The strongest political party in Hong Kong is the Democratic party. They have been accused by the Chinese as being stooges of British colonialism. What is better to show you are a patriot than to use the Diaoyu movement to prove it?

It's a very good way to mobilize the people. And when the Chinese government, which accuses the Democrats of being, if not traitors to the nation, at least working for the British, they now can show them: "No, we are patriots. What are *you* doing?" They can turn around and put pressure on the Chinese government at the time of the handover.

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Q. Is there a danger of this backfiring for the Democrats and others here, or that this might become too intense a movement for Beijing to easily contain?

A. The people who are in the worst position now are the Beijing government, because they don't want a clash with Japan. Japan is not the Philippines, not the Tiananmen students, not the Dalai Lama. It is strong militarily, but it is also an international problem. If you get tough with Japan, what about the United States? It really becomes a huge thing.

Hong Kong's return is coming too. You have to take back Hong Kong and you don't need that kind of crisis at the same time. You can do it with Taiwan and it's O.K. because you can mobilize nationalism and call it domestic policy. But Japan is something else; it's much more risky.

Serb Leader Avoids An Oath to Bosnia

By John Pomfret
Washington Post Service

SARAJEVO, Bosnia-Herzegovina — The Serbian member of Bosnia's three-member presidency boycotted his own presidential inauguration because he refused to swear an oath to Bosnia.

The Serb, Momcilo Krajisnik, and parliamentary delegates from his ultranationalist Serbian Democratic Party did not show up at the inauguration in central Sarajevo on Saturday, dealing the country's shaky peace process a significant blow.

Mr. Krajisnik did not immediately give a reason for staying in Pale, 24 kilometers (15 miles) east of Sarajevo.

His aides had spent most of last week negotiating the details of the ceremony, down to the colors of a floral arrangement that graced the stage, the musical score and the layout of the Austro-Hungarian era national theater where it was to take place.

But officials said that Mr. Krajisnik, 52, had refused at the last minute to pledge to work for a united Bosnia.

The setback was the first major hitch in an ambitious program to make the three factions in Bosnia form a joint national government.

It followed elections on Sept. 14, Bosnia's first nationwide balloting as an independent state. Three presidents — a Muslim, a Croat and a Serb — were elected, along with a 42-member House of Representatives, among other legislative bodies.

Mr. Izetbegovic and Mr. Zubak decided Saturday to hold the first parliamentary session and swear oaths to Bosnia without the presence of the Serbs. Mr. Krajisnik and the 10 Serbian representatives refused to sign the oath because it requires a pledge of loyalty to a unitary state, a concept they have opposed.

After he signed the oath, Mr. Izetbegovic delivered a speech in which he said to the Serbs: "Feel safe, this is your town, too, because Sarajevo is the capital of Bosnia-Herzegovina."

MIDEAST: *U.S. Wants Results*

Continued from Page 1

seek is a simultaneous recommitment by both sides to the principles that both signed on to in Oslo," he said in a reference to the Palestinian interim self-rule accord.

Asked about Hebron, Mr. Netanyahu sidestepped the question.

"I am not putting a date. I'm putting a conclusion," he said. "The satisfactory conclusion of the negotiation, I think from both sides, will be the date in which you'll be able to signify as a conclusion. And once it's concluded, I don't think there should be a delay in its implementation."

Mr. Netanyahu sought to calm Palestinian fears that he wanted to rewrite the Oslo agreement signed by his Labor Party predecessors. "We did not propose opening the agreement. We suggested that within the confines of the existing agree-ment adjustments be made," he said.

Mr. Netanyahu wants to modify security arrangements for Jewish settlers in Hebron.

The Palestinians have put their hostilities on hold, and Israel has reciprocated by partly lifting curfews.

On Sunday, Israel ended its 10-day curfew in Hebron, pulled its tanks from some areas and restored freedom of movement in the Gaza Strip and much of the West Bank. But Nablus, Tulkarm and Qalqiliya remained under a round-the-clock curfew.

(Reuters, AFP, AP)

RUSSIA: *Fate of a Once-Vaunted Military Mirrors the Soviet Fall*

Continued from Page 1

incentive for still-deeper cuts in strategic weapons. The miserable performance of Russian troops in the early stages of the war in Chechnya led some analysts to conclude that during the Cold War, Soviet military capabilities had been overestimated.

At the same time, the centrifugal forces tearing the military apart could fuel instability inside Russia and undermine its fragile experiment in democracy and free markets.

At the very least, many of the dissatisfied officers and soldiers could drift toward nationalist political groups that oppose the course Russia has taken since 1992. Among the most disgruntled, there has also been talk of more radical solutions, such as demonstrations and strikes, which are banned by law.

The national security chief, Alexander Lebed, a retired general known for his bombastic and populist rhetoric but clear-eyed view of the army's troubles, said a week and a half ago that the army was "on the brink of a mutiny" because of unpaid wages.

But instead of an outright revolt, the Russian military seems headed instead for a slow and painful decline.

Mr. Rodionov said the military will be reduced to 1.2 million personnel by next year, but many analysts said that was still too large, given the slumping economy.

The military's problems have taken on new complexity in the free-market, post-Soviet era.

Corruption, conscription and the hazing of recruits are constant sources of anger. Suicides are increasing. Soldiers are ill fed and many divisions are undermanned. More than 100,000 soldiers, many brought back from Eastern Europe years ago, are still without apartments. Weapons and ammunition are stolen and sold while the Defense Ministry complains that it received virtually no money from the government in August.

"Russia may lose its armed forces as an integral and viable state structure, with all the consequences this may have," Mr. Rodionov has warned. "The armed forces are experiencing the deepest crisis."

He added: "The main reason for the army's present plight is a truckload of problems it took over from the former Soviet Union."

That truckload of problems was dumped at the gate of places like Kupavinsky Naval Garrison.

The compound of apartment blocks is overgrown with weeds, the pale blue building facades crumbling. A soldier sells potatoes off a truck.

In interviews, several officers said they were angry but not in the mutinous sense suggested by Mr. Lebed. Rather, they said they would try to adapt, find another job and feed their families.

CAMPAIGN: *The Issues Clinton and Dole Aren't Talking About*

Continued from Page 1

union-backed Economic Policy Institute, "is how we're going to create jobs in inner cities when welfare reform is going to knock a million people into the streets. It will require more than economic growth; it will require targeted investments.

"Where are we going to get money for the large public investments that are needed? It's not just jobs. The schools are falling apart, the water pipes are rusting out. The infrastructure question is looming, and it's not being discussed."

Eddie Williams of the Joint Center for Political and Economic Studies, which focuses on issues affecting black Americans, said: "We want people to come off welfare and work, but we haven't done anything to prepare them for work. There's a mismatch between their qualifications and the skills employers want. And they're not talking about it in the campaign, because anything you do is going to cost money."

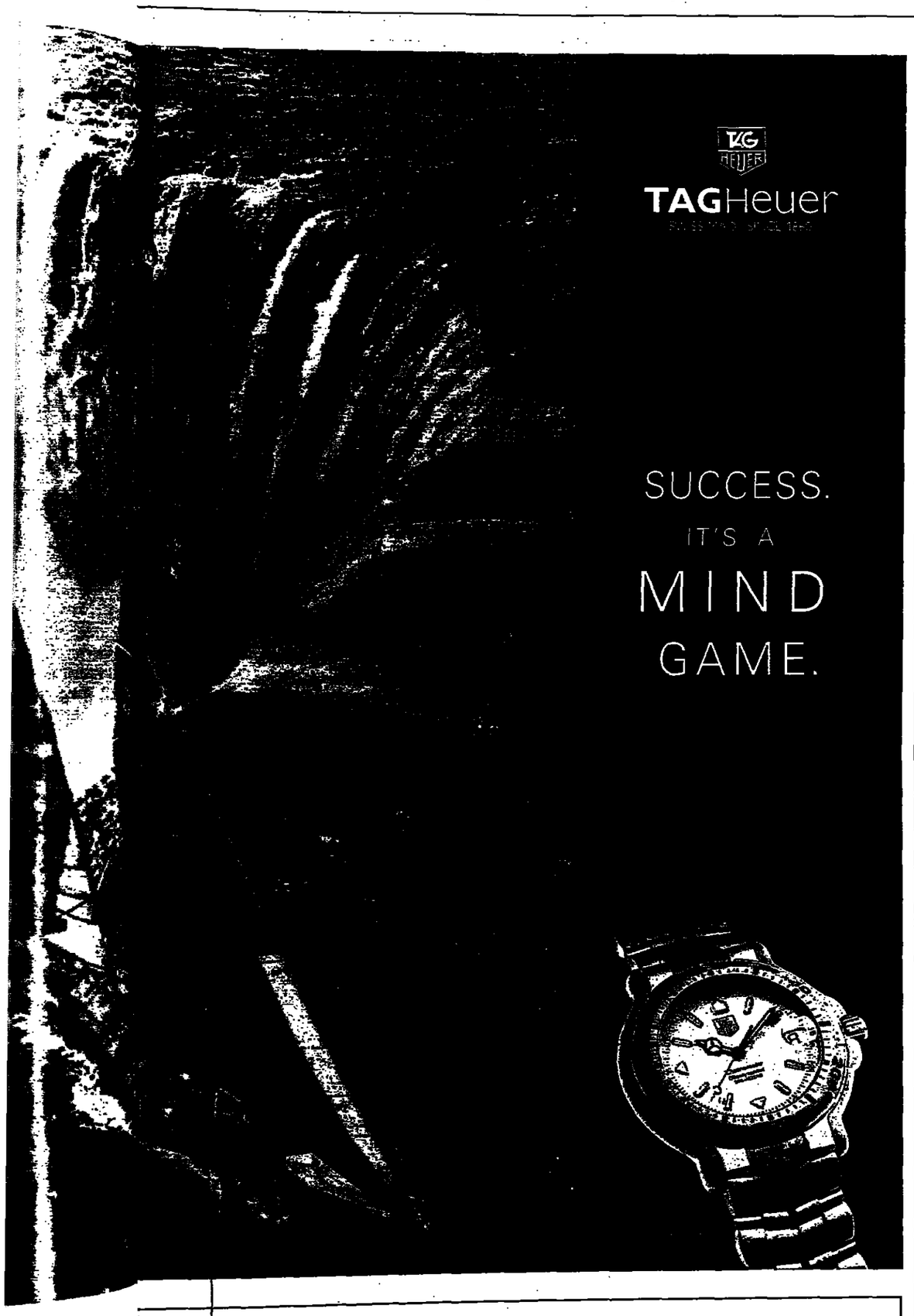
Almost everyone said the candidates were skirting the edges of the unsolved problems of the financing for the Medicare health program for the elderly and the Social Security retirement system, the impact on the budget and the consequences for the wave of baby boomers who will join the ranks of retirees early next century.

"If I had to pick two issues that have gotten short shrift in the campaign," said Thomas Mann of the Brookings Institution, "I would say paving the way for the retirement of the boomers and meeting their social insurance costs, and a serious agenda for the cities."

The Cato Institute's Ed Crane said the Social Security system would eventually experience a crisis, so "the sooner we make the needed changes, the less disruption there will be."

"We're dealing with one-third of the federal budget here, so it's remarkable that neither candidate will talk about it," he said.

Other domestic concerns also pop up with some frequency among the analysts. Regulatory issues on electric power, transportation and the environment "aren't getting much attention," said Fred Smith Jr. of the Competitive Enterprise Institute. "The whole question of priority-setting and devolution will come up whoever is president."



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Herald Tribune
INTERNATIONAL
THE WORLD'S DAILY NEWSPAPER

NASDAQ NATIONAL MARKET

Consolidated prices for all shares traded during week ended Friday Oct. 4



Business

BALLY
SWITZERLAND
SINCE 1851

Continued on Page 15

صكذا من الاصل

An East German Publishing Coup

By John Schmid
International Herald Tribune

FRANKFURT — Before the Harvard University historian Daniel Goldhagen unleashed a firestorm of controversy with his book "Hitler's Willing Executioners," another best-seller in Germany had already given new impetus to the recent raft of uncomfortable questions about the Holocaust.

After sifting through the more than 4,000 manuscripts it collected under Communist censorship, a struggling East German publishing house a year ago issued the diaries of a Jewish professor of Romance languages who painstakingly documented his day-to-day struggle for survival in Dresden in World War II.

"I want to bear witness, precise witness, until the very end," the secret diarist, Victor Klemperer, wrote in 1942. The Klemperer diaries are a 1,620-page account of the terror lived by many from 1933 to 1945 and the social soil that produced it.

The diaries also have given their publisher, Aufbau-Verlag GmbH from the former East Berlin, its first solid financial footing since the fall of the Berlin Wall, according to Aufbau executives who spoke about the firm's new image and strategy at the Frankfurt Book Fair last week.

Scoring one of the few business coups in Eastern Germany's post-Communist history, Aufbau made German publishing history this year as it sold the English-language publishing rights for the Klemperer diaries to Random House in New York for $550,000, a record for rights to a German work.

Mainly because of the Klemperer deal, Aufbau expects to make its first profit in 1996 after losses totaling 30 million Deutsche marks ($19.6 million) since German unification, according to Bernd Lunkewitz, a West German real-estate executive who acquired Aufbau from the Treuhand, the East German privatization agency, five years ago.

In the year since it was published, the two-volume Klemperer set has become a publishing sensation in Germany. It sold 125,000 hardcover copies for 98 DM each in six printings and was on the German best-seller lists for 40 weeks.

In Western Germany, meanwhile, Aufbau's rivals have taken notice.

"They managed to make the transition from being an East German publisher to a German publisher," said Susanne John, spokeswoman for Carl Hanser Verlag GmbH, a publisher in Munich.

"Their sales are still small," Ms. John said, "but they are respected, and they have a solid catalog." At 17 million DM, Aufbau's revenue is a third of Hanser's. Aufbau still promotes its Eastern authors, but to avoid marginalizing itself, it is aiming most of this year's 240 new titles at a unified German readership.

For Germans, Mr. Klemperer's diaries are like a time capsule. The German press compared the 5,000 pages of tightly handwritten manuscript, found by one of Mr. Klemperer's former students in Dresden, to the diaries of Anne Frank.

But Mr. Klemperer, who survived the war and died in 1960 as a citizen of East Germany, was more worldly than that young Dutch concentration-camp victim. As early as March 1942, his writings indicate, Mr. Klemperer knew of the existence of the Auschwitz death camp, prompting at least one leading German literary critic to ask: If Mr. Klemperer, who lived in relative isolation, knew of the mass murders, how many other Germans did too?

Aufbau has done little to quell the debate. It is rushing out another thick two-volume set of Mr. Klemperer's diaries, covering the early interwar years 1918 to 1932. As the debate raged over Mr. Goldhagen's scholarship — which one American critic described as "an indictment not of the Nazis but of the Germans" — Aufbau promoted Mr. Klemperer as an authentic first-hand source.

Eastern Germany's marketplace of ideas withered from the blast of Western media and books that blew into the region after the Berlin Wall fell. Half of East Germany's former 78 publishing houses no longer exist.

Despite massive downsizing, Aufbau says, it kept on editors who were wily enough to publish books that could earn hard currency. During the 1960s, it become a darling of the left in West Germany. Precisely because it was a commercial success, it enjoyed a subtle degree of editorial independence notwithstanding the secret police planted among its staff, said Rene Strien, an Aufbau executive.

Still, after 1989, all East German publishers were tarred with the same brush as propagandists for East Germany. As with other Eastern publishers, Aufbau's works had been printed on flimsy pulp.

Aufbau printed an adoring biography of Erich Honecker, the former East German leader, for his 60th birthday, but it also published writers such as Bertolt Brecht, Thomas Mann and Christa Wolf. In 1955, one of Aufbau's editors was sent to prison. Mr. Lunkewitz, who has subsidized Aufbau's losses for the past five years, read its books in 1968 as a self-described university leftist.

"I do not know of any other house that survived independently," said Christoph Links, a former editor at Aufbau who left the firm in 1989.



Zentralbild/Pohl-Hohne

The East German firm's publishing sensation, Victor Klemperer, in 1947.

IG Metall Warns of More Strikes

Employers to Discuss Sick Pay With Unions

Compiled by Our Staff From Dispatches

FRANKFURT — Employers and unions in Germany's automobile and metalworking industries will try to defuse their argument over cuts in sick pay at a meeting Monday. But if a compromise is not reached, Germany will see "tougher strikes than the country has ever experienced," a leader of the powerful IG Metall union said Sunday.

Walter Riester, vice chairman of Germany's largest labor union, said meaningful talks on the issue could only take place if the employers' group Gesamtmetall revised its position.

More than 100,000 workers took part in strikes Tuesday against a new law permitting companies to pay 80 percent of normal wages during an illness. Klaus Zwickel, chairman of IG Metall, said the union would strike against any company that violated current contracts that guaranteed full pay during illnesses.

"Every company that wants to cut sick pay must reckon with protest actions and the production losses these bring," Mr. Zwickel said last week.

Daimler-Benz AG's car unit, Mercedes-Benz AG, has reportedly lost 220 million Deutsche marks ($143.7 million) from warning strikes and boycotts of extra shifts. Workers also walked out at Adam Opel AG and Ford-Werke AG.

Mr. Zwickel will meet with the president of Gesamtmetall, Werner Stumpfe, on Monday.

According to a report to appear Monday in the magazine Der Spiegel, Daimler has applied pressure on Gesamtmetall to explore ways of ending the dispute before the industry association meets Thursday.

According to Focus magazine, 80 percent of 200 works councils surveyed by the weekly are convinced that their workers will go on strike against the cuts in sick pay.

The head of the German employers' association BDA, Klaus Murmann, said German companies would succeed in imposing the cuts on all 23 million employees across all sectors.

In an interview with the Sunday paper Welt am Sonntag, Mr. Murmann acknowledged that there was a "legal gray area" where existing contracts contradicted the new law and that these should be settled through negotiation.

The new law on sick pay was part of a package of austerity measures passed Sept. 13 to trim 20 billion DM from government spending. The laws also seek to enhance productivity in Germany in the face of foreign competition.

IG Metall, representing about 3.5 million metal and electronics workers, has led the protests against the new law.

There are fears that the current outbreak of unrest could soon spread to other sectors. The talks will be closely monitored by employers and employees in other sectors also affected by the sick-pay changes. Under the new law, workers will get only 80 percent of full pay for the first six weeks of an illness. If they wish, employees can give up one of their 30 annual vacation days to compensate for each week of absence.

(Bloomberg, Reuters)

Hong Kong's Stock Index Weathers Political Jitters

By Kevin Murphy
International Herald Tribune

HONG KONG — The worst bickering between Britain and China over the future of Hong Kong appears to be over, judging by the performance of Hong Kong's Hang Seng Index.

The benchmark stock index rose 1.2 percent last week and has gained more than 7 percent in the past six months, reflecting a rise in investor confidence in the political and economic future of Hong Kong.

The index finished Friday at 11,905.51 points, down slightly on the day but only 6 percent short of its peak reached in February 1994.

Those confident about Hong Kong stocks say the recent gains reflect a reduction in the perceived risks attached to Hong Kong's return to China's rule, now less than nine months away.

Beijing and London have finally agreed on the seating arrangements for a handover ceremony on July 1, 1997, and regardless of his protests otherwise, the Hong Kong governor, Chris Patten, is hardly a factor in local political confidence these days.

Mr. Patten sharply challenged several of Beijing's recent pronouncements Wednesday, including its determination to abolish the local legislature, in a policy speech to which Beijing responded with equally sharpness Thursday. But, in contrast to a few years ago when Mr. Patten's and Chinese officials' arguments could take several hundred points off the Hang Seng Index in a few hours, investors now seem oblivious to all but the greatest external shocks — such as possible changes in U.S. interest rates.

There are signs, too, that the local property market is recovering, along with consumer spending, as a benign U.S. interest-rate scenario flows through to interest rates on the Hong Kong dollar.

"If you look at relative values elsewhere, we are among the cheapest stock markets in the region," said Kelvin Tang, an analyst with ImPac Asset Management (Hong Kong) Ltd. "With the 1997 issue out of the way, this market deserves a re-rating."

On the basis of the markets' price-earnings ratios, Hong Kong has long lagged its neighbors in terms of the prices investors are willing to pay to own local stocks.

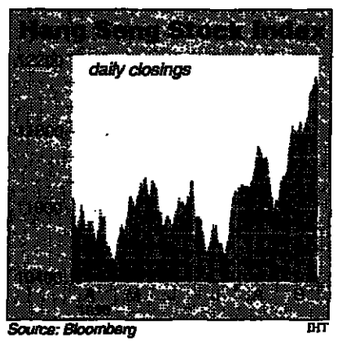
For example, according to estimates by Salomon Brothers Inc., at the end of September the stocks in the Hang Seng Index were trading at an average of 13.4 times expected 1996 earnings, compared with 20.7 in the Philippines, 20.3 in Malaysia and 23.6 in Taiwan.

Hong Kong's bulls say concern about its political risks has been overdone, particularly given the difficulties now faced in other countries such as Indonesia, where the market has a P/E ratio of 15.4. But Mr. Tang said the recent run-up in Hong Kong share prices appeared to have outpaced evidence in the local economy that such optimism was appropriate.

"We don't think the earnings picture for Hong Kong companies justifies these levels," Grant Forster, a vice president at BT Fund Managers Ltd., said.

"We think this market is very vulnerable to a correction in the U.S. markets, and we are not necessarily expecting the Hang Seng Index to be re-rated."

Cautious investors said Hong Kong's lower rating compared with its regional rivals reflected concern about the long-term quality of earnings at its property sector, where many companies have been raising their profits through asset sales rather than true earnings growth.



Source: Bloomberg BT

Will What Helps Bonds Also Be Good for Dollar?

By Carl Gewirtz
International Herald Tribune

PARIS — Conflicting currents are stymieing the dollar.

On one hand, U.S. data indicate the economy could lose steam through the rest of the year, and the prospect of stable rather than rising U.S. interest rates should cause the currency to lose some of its shine.

On the other hand, the diminishing likelihood of rates rising is good news for U.S. asset markets. Equity prices set a record last week, and yields on long-term government debt fell as prices rose — advances that should attract money to U.S. markets.

So which trend will prevail?

"On balance, the rise in bond prices should be good for the dollar," said Neil MacKinnon at Citibank in London.

Paul Chertkow, an analyst at Union Bank of Switzerland in London, concurred, saying that "the dollar will take its cue from the asset markets."

Although historically the dollar has fared well when short-term U.S. rates are 250 basis points above German levels, Avinash Persaud at J. P. Morgan & Co. in London said the current spread of some 200 basis points should be enough "to facilitate a gradual dollar upturn."

But uncertainty appears to be developing in the global bond market. A particular concern for the foreign-exchange market is what the hedge funds, or highly leveraged pools of money, will do. Some analysts report that the hedge funds are pulling out of the peripheral markets.

The so-called carry trade has been especially popular: borrowing three-month Swiss francs at around a 1.5 percent annual rate, or Deutsche marks at 3.125 percent, to buy bonds yielding more than 8 percent.

Others have played in the futures market, betting that prices of Italian or Spanish bonds would rise compared with benchmark German issues by selling Bund futures and buying Italian or Spanish bond futures.

Unwinding of the carry trade could spark a rise in the Swiss franc and the mark as lire and pesetas are sold to buy the money needed to repay the initial borrowing. Unwinding in the futures market would have no direct impact on the foreign-exchange market, but it could have dramatic effects on bonds.

Another question is the yen, which is heavily used as a carry currency because the cost is 0.5 percent on an annual basis. But it is unclear how much the yen is used to finance the purchase of high-yielding European paper. In the past, the yen has been mostly used to finance purchases of U.S. issues.

CYBERSCAPE

Click on Money? Currency Trades Come to the Net

By Erik Ipsen
International Herald Tribune

LONDON — Having chosen to display in his office no less than three certificates welcoming himself to Mensa, the club of the intellectually elevated, Peter Cruddas may seem like a man eager to impress others with his own brilliance. But on Monday morning, currency traders from London to Lima will have a chance to see just how clever Mr. Cruddas can be.

Monday marks the launch of the world's first live currency-trading service on the Internet. The service promises clients of Currency Management Corp., the London-based currency-dealing concern founded by Mr. Cruddas seven years ago, the ability to buy and sell any of 27 currencies plus gold and silver, on-screen and on-line.

Since May, the company has been offering free real-time currency quotes via the Internet, plus a text service of general and market news supplied by CNN. It says more than 2,000 people have downloaded the necessary software and used the service.

Already, though, that service has been matched or exceeded by others. Just last week, another British company, Prestel On-line, began an Internet-based service that provides live quotes on currencies, British shares and the major U.S. stock indexes. It also carries news and analysis and other features including a screen showing the prices and volumes for the last 100 trades of individual stocks.

"This will revolutionize the way investors and companies track and forecast investments and trade," Prestel On-line's managing director, Michael Holland, said. While these new Internet services hardly pose a threat to major providers of financial information such as Reuters PLC, Telerate and Bloomberg Business News, the upstarts are not priced that way, either. Fees for trading-room terminals from Telerate or Bloomberg can run to thousands of dollars a month; the on-line providers often charge nothing as long as subscribers maintain active accounts with the company.

Prestel's individual information "modules," such as the stock index and news package, cost as little as £7.50 ($11.75) a month; the whole service, about £55.

"We have got a pretty darn big cost advantage over Reuters," said Terry Johnston, the founder of information.internet, the company that developed CMC's on-line system. "Our only cost is writing the software."

Best of all, instead of having to maintain their own systems and thousands of terminals around the globe, the new information companies use a free distribution system, the Internet — one that also reaches far more people than any private system can.

While these new services hardly pose a threat to major providers of financial information, the upstarts are not priced to do so.

But if all this makes the big players nervous, they show few signs of it.

"We provide professional services to the professional market," said Peter Thomas, a spokesman for Reuters, which aims its services principally at major banks and brokerage firms trading in the $1 trillion-a-day foreign exchange market. In that demanding context, speed, reliability and security are essential.

Still, while the Internet-based companies lag in those areas and are only targeting small institutions and individual investors, they are catching up fast. A recent demonstration of the system due to start operating Monday showed it to have some impressive capabilities.

A request to buy a currency on the new system, for instance, brings up a screen carrying live, constantly updated quotes from Currency Management and a quote from a group of banks supplied by independent data supplier, ADT.

To make a purchase, customers double-click on Currency Management's price, fill in a white order ticket that pops up on the screen and then double-click the "confirm" command. The ticket instantly turns yellow, indicating the order is in the market, and then green when it has been filled, usually in less than five seconds.

According to Mr. Johnston, one of the reasons for his system's speed and reliability is that although it uses the Internet, it avoids the World Wide Web. It is on the Web, he insists, that problems of speed and reliability multiply, a factor he attributes to the software that lies at the center of the Web.

Internet address: CyberScape@iht-lib.demon.co.uk

CURRENCY RATES

Oct. 4

Cross Rates

	$	£	D.M.	F.F.	Lire	D.Fl	B.F.	S.F.	Yen	C$	Peseta
Amsterdam	1.717	2.484	1.1221	0.3315	0.113*	—	5.4485*	1.3665	1.5599*	1.2665	1.3335*
Brussels	31.47	45.4725	20.5625	6.078	2.0737*	18.338	—	25.08	0.8827	23.22	24.515*
Frankfurt	1.5334	2.2164	—	0.2955	0.1009*	0.8973	4.8567*	1.2177	1.3726*	1.127	1.1887*
London (a)	1.5933	—	2.2697	0.3057	0.1043*	0.9285	5.0265*	1.2606	1.4206*	1.1665	1.2305*
Madrid	128.92	186.302	84.19	24.676	8.42*	75.043	406.09	102.039	115.561*	94.554	—
Milan	1,530.25	2,202.78	994.00	293.48	—	885.10	4,824	1,211.00	1366.5	1,122.6	1,181.95
New York (b)	—	1.5935*	1.5203	0.1855	1,521.00	1.7189	31.55	1.3579	111.725	1.2826	128.05
Paris	5.1825	8.104	3.3344	—	0.3408*	3.8566	0.1644	4.2276	4.6455*	3.8163	4.021*
Tokyo	211.78	774.99	73.00	21.58	0.737	65.89*	3.5472	88.84	—	82.10	0.8694
Toronto	1.2638	2.1183	0.8836	0.2611	0.0891*	0.7826	0.4291*	1.0987	1.2187*	—	1.05*
Zurich	1.2253	1.9641	0.827	0.2427	0.0829*	0.7317	3.9975*	—	1.1254*	0.9257	0.9757*
1 ECU	1.2542	0.8827	1.2086	4.58	1,868.49	2.1547	39.5454	1.5771	139.92	1.2002	161.656
1 SDR	1.4385	0.7187	N.Q.	2.4584	2,184.49	2.4713	45.3706	1.807	160.476	1.3575	185.446

Closings in Amsterdam, London, Milan, New York, Paris, Toronto and Zurich. Rates in other centers.
*a: To buy one pound; b: To buy one dollar. *Units of 100; N.Q.: not quoted; N.A.: not available.*

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argent. peso	0.9988	Greek drac.	240.92	Mex. peso	7.53	S. Afr. rand	4.5375
Australian $	1.2669	Hong Kong $	7.732	N. Zealand $	1.4306	S. Kor. won	824.40
Austrian sch.	10.763	Hung. forint	158.91	Norw. krone	6.5126	Swed. krona	6.6102
Brazil real	1.037	Indian rupee	35.625	Pak. peso	26.26	Taiwan $	27.48
Chinese yuan	8.3315	Indn. rupiah	2323.75	Polish zloty	2.82	Thai baht	25.44
Czech koruna	27.14	Irish £	0.6252	Port. escudo	154.56	Turkish lira	927780
Danish krone	5.872	Israeli shek.	3.1882	Russ ruble	5422.00	UAE dirham	3.6705
Egypt. pound	3.645	Kuw dinar	0.3002	Saudi riyal	3.75	Venez. bolív.	463.50
Fin. markka	4.5635	Malay. ring.	2.4996	Sing. $	1.4112		

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.5638	1.5632	1.5632	Japanese yen	110.95	110.47	109.98
Canadian dollar	1.3550	1.3529	1.3536	Swiss franc	1.2543	1.2800	1.2458
Deutsche mark	1.5273	1.5242	1.5210				

Sources: ING Bank (Amsterdam); Indosuez Bank (Brussels); Banca Commerciale Italiana (Milan); Banque de France (Paris); Bank of Tokyo-Mitsubishi (Tokyo); Royal Bank of Canada (Toronto); IMF (SDR). Other data from the Associated Press, Bloomberg and Reuters.



CAPITAL MARKETS ON MONDAY

Not All Analysts Cheer the EMU-Driven Rally

By Carl Gewirtz
International Herald Tribune

PARIS — The stunning decline of long-term interest rates in Italy and Spain, rapidly converging to benchmark German levels in the belief that both countries will qualify to join Europe's planned monetary union, is sparking conflict among analysts over whether the trend is sustainable, or even desirable.

By the end of last week, with the Italian and Spanish bond markets suffering setbacks while prices in Germany continued to rally, analysts were disputing whether convergence had run its course or whether the setback was simply an opportunity to get into the markets.

The key measurement for analysts is the premium, or spread, that Italy and Spain pay compared with Germany to borrow money for 10 years — the period that spans the planned inauguration of the monetary union and its common currency in 1999.

Membership in Europe's monetary union, or EMU, would mean that the currency risk now built into interest rates would disappear and the only distinction between the cost of money for Germany and, for example, Italy would be the credit rating of the issuers, which could mean a difference of around half a percentage point, or 50 basis points.

At the height of the rally last week, the spread on 10-year Italian bonds had narrowed to a record low 221 basis points over Germany's. By week's end, the spread had widened to 240 basis points, but that compared with 472 basis points at the start of the year.

The spread on Spanish debt went as low as 160 basis points, also a record, before widening to 186 basis points Friday. At the start of the year, the Spanish bond spread was 360 basis points.

"The rally in high-yielders is likely to continue," said Jan Loeys at J. P. Morgan & Co. in London. Even at last week's historic lows in spreads, he said he thought the markets still were not fully pricing in the countries' membership in a common currency, either at its inception or by 2001 when conversion to the common currency, the Euro, is scheduled to be completed.

But Jim O'Neill at Goldman, Sachs & Co. in London said that the "most dramatic period" of spread-tightening was already over, given the probability of Italy and Spain qualifying for membership at least by 2001.

James Fralick at Morgan Stanley & Co. in London said many investors who had missed the big rally over the past few weeks were waiting for a correction to give them an opportunity to get into the market. But he said that at current levels, both markets still looked overpriced, although less so on a "two- or three-year perspective."

He said the highly leveraged U.S. investment pools, or hedge funds, that had been big players in the European convergence trade were now taking profits and pulling out.

In Germany, meanwhile, bankers at BHF-Bank expressed dismay at the rise in asset prices based on the possible formation of a broad monetary union.

In particular, they are wary of the German government turning a blind eye to the way in which France is arriving at a budget deficit next year of only 3 percent of gross domestic product, the limit stipulated in the Maastricht treaty. France's planned budget reaches that target only because of one-time transfers of funds that knocked an estimated 0.6 percentage point off the size of the deficit.

This complicity, Roland Scharff of BHF said, made Germany and France unable to criticize the accounting moves that also enabled Italy to announce a deficit of 3 percent of GDP — which then sparked the rally in Italian bond prices. President Jacques Chirac of France last week had to retract his expression of doubt about Italy's qualification for early membership — a move that also helped Italian bond prices to rally sharply.

But Mr. Scharff said that what distressed him was that "convergence is not a one-way process" of Italian bond rates falling to German levels.

"Convergence can also mean a rise in German bond yields, closer to Italian levels, if the perception takes hold that the criteria for membership will be waived and that the Euro will be a weak, inflation-prone currency," Mr. Scharff said.

Avinash Persaud at J. P. Morgan in London said market operators had sensed that a deal had been struck, with France and other countries agreeing to support Germany's proposal of a post-EMU stability pact in return for Germany turning a blind eye to the manner in which countries arrived at the deficit target of 3 percent.

Whatever the reality, Mr. Persaud said, the perception that such a deal is in place is raising expectations that a "wide EMU" will arrive.

Most Forecasts Favor Fresh Gains for Bonds

U.S. Jobs Data Cause Rate Fears to Fade

Compiled by Our Staff From Dispatches

NEW YORK — U.S. bonds should continue to gain in the next few weeks if traders become convinced that the economy is cooling enough to prevent the Federal Reserve Board from raising rates when it meets Nov. 13.

On Friday, employment figures for September showed that nonfarm payrolls shrank by 40,000 in the month, in sharp contrast to an average gain of 237,000 in the first eight months of the year. The drop surprised economists, some of whom had predicted the economy would add as many as 170,000 jobs.

After the employment report was released, the benchmark 30-year government bond gained about 1⅛ points, or $11.25 for each $1,000 bond. Its yield fell nine basis points to 6.74 percent, its lowest level since Aug. 12. For the full week, the yield was down 16 basis points, the largest one-week rally in more than two months.

Some investors said the yield on the long-term bond now could go as low as 6.50 percent. Analysts warned, however, that the increase in prices could take a breather early in the week as dealers bid on the Treasury's 10-year note sale. But once that is out of the way, prices are likely to continue moving higher, especially if international investors continue buying at the pace seen in recent weeks.

The September jobs report was not all good news for the bond market. The U.S. unemployment rate of 5.2 percent, while up slightly from a seven-year low of 5.1 percent in August, still suggests tight labor markets, and the rise of 6 cents an hour in average earnings in August shows the tightness is starting to push wages higher.

Bullish market participants, however, argued that the jobs report was confirmation that growth had decelerated and said slower growth would prevent American companies from passing higher wage costs on to consumers. The employment news also was viewed as validating the Fed's decision last month to hold interest rates steady and reducing the chance of a rate increase in November.

The jobs report means that the Fed might not raise interest rates at all before year-end, said Harvey Hirschhorn, who manages more than $500 million at Stein Roe & Farnham in Chicago. A survey conducted after the jobs data were released found analysts now see just a 31 percent chance the Fed's policy-making panel will tighten credit at its Nov. 13 meeting, down from 58 percent three weeks ago.

John Sundeen, a government portfolio manager at Waddell & Reed,

U.S. CREDIT MARKETS

said that while the employment report was stronger than the decline in payrolls suggested, he thinks the 30-year yield will now move in a range of 6.50 percent to 7 percent, as opposed to the 6.75 percent to 7.25 percent range that has prevailed since April.

He also says U.S. consumers seem to be in generally good financial shape, and he expects a revival of spending to support growth late this year.

"Their personal income is growing nicely, they are gaining jobs, they're highly confident, they have a great boost from the stock market," he said. "The last few months have shown they're not spending a lot of that money, but I think they may in the near future."

Traders also cited renewed demand in recent weeks from non-U.S. investors, including central banks, after a soft second quarter. The Fed said it had added $11.97 billion over the past two weeks to the pool of government bonds it holds on behalf of customers, mainly central banks.

"Clearly the Chinese, and central banks in general, have accentuated the rally in the bond market we've had here recently," Mr. Sundeen said. "There isn't much reason to believe they're going to stop that."

(Bridge News, Bloomberg)

Most Active International Bonds

The 250 most active international bonds traded through the Euroclear system for the week ending Oct. 4. Prices supplied by Telekurs.

Rnk Name	Cpn	Maturity	Price	Yield
Australian Dollar				
201 Sweden	zero	09/21/98	86.3955	7.6200
Belgian Franc				
215 Belgium	9	03/28/03	118.90	7.5700
British Pound				
183 Brit Stock	9	03/03/00	107.0630	8.4100
Canadian Dollar				
189 Canada	6	03/15/98	101.4344	5.9200
196 Canada	8½	12/01/05	113.3113	7.7200
219 Canada	7	12/01/06	95.6969	7.3100
227 Canada	7½	03/01/01	103.8861	7.2200
243 Ontario	zero	04/05/01	74.3207	6.8000
247 Canada	5¼	03/01/99	100.5412	5.7200
Danish Krone				
2 Denmark	8	03/15/06	108.0200	7.4100
17 Denmark	9	11/15/98	108.9000	8.2600
18 Denmark	8	11/15/01	109.7800	7.2900
25 Denmark	8	05/15/03	109.4700	7.3100
37 Denmark	7	11/15/07	100.1500	6.9900
38 Denmark	9	11/15/00	113.20	7.9500
65 Denmark	7	12/15/04	102.9600	6.8000
69 Denmark	6	11/15/02	100.4800	5.9700
72 Denmark	7	08/15/97	102.7000	6.8200
74 Denmark	7	11/10/24	91.6200	7.6400
75 Denmark	6	12/10/99	103.3400	5.8100
83 Denmark	7	02/15/98	104.0700	6.7300
165 Denmark	6	02/15/99	103.4500	5.8000
166 Nykredit 3 Cs	6	10/01/26	85.3500	7.0300
Deutsche Mark				
1 Germany	6¼	04/26/06	101.5667	6.1500
3 Germany	6⅞	05/12/05	105.9200	6.4900
6 Germany	5¼	02/21/01	101.9420	5.1500
7 Germany	5	05/21/01	101.0000	4.9500
8 Germany	6½	10/14/05	103.3600	6.2900
9 Germany	8	01/21/02	113.0900	7.0700
10 Treuhand	7½	09/09/04	110¼	6.8000
11 Germany	8¼	09/20/01	114.0100	7.2400
12 Germany	8¾	08/20/01	116.1114	7.5400
13 Germany	6	01/05/06	99.8100	6.0100
14 Germany	7⅜	01/03/05	109.3400	6.7500
15 Germany	6¼	01/04/24	92.6614	6.7400
16 Germany	5⅛	11/21/00	101.9129	5.0300
20 Germany	6	02/16/06	99.8043	6.0100
22 Germany	8	07/22/02	113.2675	7.0600
23 Germany	5¾	08/22/00	104.2000	5.5200
26 Germany	6	09/15/03	102.6350	5.8500
27 Germany	3½	09/18/98	99.9540	3.5000
29 Germany	5⅞	05/15/00	104.6567	5.6100
30 Germany	8½	02/20/01	114.2300	7.4400
31 Treuhand	7¾	10/01/02	111.9300	6.9200
32 Treuhand	6⅞	07/09/03	105.5750	6.2800
33 Germany	8⅜	05/21/01	114.1233	7.3400
35 Germany	6½	03/15/00	106.6800	6.0900
36 Germany	6½	07/15/03	104.9300	6.1900
40 Germany	5¾	08/20/98	103.9533	5.5300
42 Treuhand	6⅛	06/25/98	104.2850	5.8700
43 Treuhand	7⅝	12/02/02	109.9500	6.7100
46 Treuhand	6⅞	06/11/03	106.9700	6.4300
47 Germany	6¾	05/20/98	104.5300	6.1000
48 Treuhand	6⅝	05/13/04	105.7300	6.3800
49 Germany	9	10/20/00	115.6667	7.7800
50 Germany	7½	11/11/04	110.2650	6.8000
51 Treuhand	5⅝	09/24/98	103.7600	5.4200
52 Germany	8¾	07/20/00	114.3700	7.6500
57 Treuhand	6	11/12/03	102.0100	5.8800
58 Treuhand	6⅝	07/01/99	105.9700	6.0200
59 Germany	9	01/22/01	116.0375	7.7600
61 Treuhand	7⅛	01/29/03	108.5275	6.5700
62 Treuhand	5	01/14/99	102.6800	4.8700
63 Germany	7	12/22/97	104.3367	6.7100
66 Germany	7½	10/20/97	104.3000	7.1900
71 Treuhand	6½	04/23/03	105.1100	6.1800
73 Germany	5¼	11/20/97	102.2100	5.1400
79 Germany	6	06/20/16	92.5483	6.4800
80 Germany	6⅝	01/20/98	104.0850	6.3600
82 Germany	8	09/22/97	104.4700	7.6600
84 Germany	7⅜	10/21/02	109.5600	6.6200
85 Germany	7¼	10/20/97	104.0500	6.9700
86 Germany	7	01/13/00	108.1800	6.4700
87 Germany	8⅞	12/20/00	115.4600	7.6900
90 Germany	6¾	07/15/04	105.7800	6.3800
94 Germany	5¼	10/20/98	103.2117	5.0900
96 Treuhand	6⅛	03/26/98	103.8600	5.9000
97 Treuhand	7	11/25/99	108.2133	6.4700
98 Germany	6¾	04/22/03	106.4800	6.3400
99 Germany	6	02/20/98	103.4900	5.8000
100 Germany	8¼	07/21/97	103.9000	7.9400
101 Treuhand	5	12/17/98	102.6800	4.8700
105 Germany	8½	08/21/00	113.6360	7.4800
109 Germany	5¾	08/20/97	102.1800	5.6300
112 Germany	6½	05/20/99	105.4700	5.8100
116 Germany	7⅛	12/20/02	108.7000	6.5500
121 Germany	zero	01/17/97	99.1500	2.9300
122 Treuhand	6¼	03/04/04	102.9700	6.0700
123 Germany	8	03/20/97	102.1600	7.8300
128 Germany	6½	12/02/98	106.4550	6.4600
141 Treuhand	5¾	04/29/99	104.4400	5.5100
152 Germany	5¾	05/28/99	104.4100	5.5100
155 Germany	6¾	09/15/99	107.3300	6.2900
158 Germany	5¼	02/25/98	102.5200	5.1200
163 BadWuert L Fin	5¼	09/26/01	100.9500	5.2000
167 BNG	5¼	10/01/01	101.2000	5.1900
168 South Africa	7	10/01/03	99.7500	7.0200
171 Treuhand	6¼	07/29/99	105.7500	5.9100
172 Germany	5⅜	02/22/99	103.6080	5.1900
177 Abbey Natl TS	5⅝	09/30/02	100.2035	5.6100
185 Germany	6⅞	02/24/99	106.7900	6.4400
190 Germany	8½	01/20/97	101.4600	8.2500
199 TVA96c	6½	09/18/06	99.4343	6.4100
202 Eksportfin A/S	zero	12/17/01	74.5654	5.7700
204 World Bank	7⅛	04/12/05	107.1500	6.6500
206 Germany	8¾	05/22/00	114.0300	7.6700
207 Germany	6⅞	08/14/98	104.9700	6.0700
208 Dresdner Fin	2¼	10/01/01	101.2500	2.2200
234 Bund Deutsch.	6¼	08/21/06	100.2100	6.2400
237 Germany	6⅞	01/20/98	103.7500	6.1400
245 Germany	6¾	05/02/03	105.6800	6.3900
Dutch Guilder				
28 Netherlands	6¼	07/15/98	104.7500	5.9700
39 Netherlands	5¾	09/15/02	102.4500	5.6100
45 Netherlands	6	01/15/06	100.7100	5.9600
81 Netherlands	8½	06/15/02	114.9200	7.1800
95 Netherlands	7½	01/15/23	110.3000	6.8000
113 Netherlands	8¾	09/15/01	116.6200	7.5000
114 Netherlands	8½	06/01/06	118.45	7.1800
115 Netherlands	5¾	01/15/04	100.8200	5.7000
117 Netherlands	7¾	03/01/05	112¾	6.8700
130 Netherlands	7½	04/15/10	111.45	6.7300
135 Netherlands	9	01/15/01	116.3200	7.7400
138 Netherlands	6½	04/15/03	105.9000	6.1400
140 Netherlands	7¼	10/01/04	109.7000	6.6100
150 Netherlands	8¼	02/15/00	112.1000	7.3600
157 Netherlands	9	05/15/00	115.0600	7.8200
161 Netherlands	7	02/15/03	108.7000	6.4400
164 Netherlands	6¾	11/15/05	105.9000	6.3700
175 Netherlands	8¼	09/15/07	117.40	7.0300
179 Netherlands	6¾	02/15/99	106.5000	6.3400
182 Netherlands	7	06/15/05	107.7000	6.5000
192 Netherlands	6½	01/15/99	105.8500	6.1400
197 Netherlands	8½	03/15/01	114.70	7.4100
200 Netherlands	7½	06/15/99	108.9000	6.8900
213 Netherlands	6½	07/15/98	105.1400	6.1800
214 Netherlands	7¾	01/15/00	110.45	7.0200
220 Netherlands	8¾	05/01/00	114	7.6800
222 Netherlands	8¼	02/15/07	117.0500	7.0500
228 Netherlands	8¼	02/15/02	114.6000	7.2000
238 BNG	5¼	12/31/01	101.5000	5.1700
241 Netherlands	7	03/15/99	107.2000	6.5300
ECU				
41 France OAT	7	04/25/06	104.5200	6.7000
88 France OAT	7½	04/25/05	107.8750	6.9500
89 France B.T.A.N.	5	03/16/99	101.1000	4.9500
92 France B.T.A.N.	6	03/16/01	103.0200	5.8200
110 Britain	9⅛	02/21/01	114¼	7.9900
143 France B.T.A.N.	7½	03/16/97	101.4000	7.4000
146 France OAT	8¼	04/25/22	113.45	7.2700
151 France OAT	6	04/25/04	99.9500	6.0000
184 France OAT	9½	04/25/00	114.1800	8.3200
205 France B.T.A.N.	7¼	03/16/98	104.0600	6.9700
223 UK T-note	5	01/26/99	100.7000	4.9700
224 UK T-note	8	01/27/98	104.4750	7.6600
225 UK T-note	5¼	01/21/97	100.2894	5.2300
229 France OAT	6¾	04/25/02	105.1150	6.4200
231 Italy	9½	03/07/11	121.3750	7.6200
Finnish Markka				
239 Finland Serial s	7¼	04/18/06	103.7398	6.9900
French Franc				
102 France OAT	6¾	10/25/03	106.6200	6.3300
133 France OAT	5½	04/25/04	98.5600	5.5800
154 Jp Morg & Del	6⅝	09/26/08	100.6250	6.5800
176 France OAT	7¼	04/25/06	108.9000	6.6600
209 France OAT	8½	02/27/04	115.4600	7.1500
236 Tokyo Elec Pwr	6½	09/27/06	102.0000	6.3700
248 France B.T.A.N.	5¾	03/12/98	102.6900	5.6000
Irish Punt				
203 Ireland	8	08/18/06	105.0919	7.6100
235 Ireland	6½	10/18/01	98.1931	6.6200
Italian Lira				
125 Italy	9½	02/01/06	108.8500	8.7300
142 Italy	9½	02/01/01	106.9700	8.8800
Japanese Yen				
56 Sak Bern.Tst	0¾	10/01/01	108.2270	0.6900
159 World Bank	4½	03/20/03	112⅝	4.0000
187 World Bank	4½	06/20/00	110⅜	4.0600
211 World Bank	4¾	12/20/04	115	4.1300
242 Spain	3.10	09/20/06	100.7500	3.0800
249 EIB	3	09/20/06	100.7500	2.9800
Portuguese Escudo				
19 Portugal		10/01/97	100.61	-
134 Bco Invest Imob		06/27/11	112.21	-
Spanish Peseta				
67 Spain	10.10	02/28/01	110.86	9.11
70 Spain	8.80	04/30/06	106.64	8.25
131 Spain	10.15	01/31/06	115.27	8.81
149 Spain	9.90	10/31/98	105.75	9.36
174 Spain	8.40	04/30/01	104.66	8.03
188 Spain	9.40	04/30/99	105.83	8.88
217 Spain	10½	10/30/03	115.43	9.10
232 Spain	10	02/28/05	113½	8.81
Swedish Krona				
53 Sweden	11	01/21/99	111.0800	9.9000
60 Sweden	10¼	05/05/00	112.5700	9.1100
119 Sweden	10¼	05/05/03	117.1600	8.7500
127 Sweden	6	02/09/05	92.4400	6.4900
136 Sweden	13	06/15/01	125.4800	10.3600
U.S. Dollar				
4 Brazil Cap S.L	4½	04/15/14	75.5250	5.9600
5 Argentina FRNL	zero	03/29/05	84.2500	
21 Bral L	6½	04/15/0	87.3800	7.4400
24 Argentina par L	5¼	03/31/23	59.5000	8.8200
34 Ven S. Dl Sn	6⅝	12/18/07	83.3100	7.9500
44 Brazil 910.0	6 11/16	01/01/01	96.2500	6.9500
54 Brazil S.L	6⅝	04/15/12	75.3800	8.7100
55 Brazil par Zl	5	04/15/24	59.8821	8.3500
64 Brazil S.Zl	6¼	04/15/24	76.6200	8.4800
68 Mexico par A	6¼	12/31/19	70.2500	8.9000
76 Mexico par B	6¼	12/31/19	70.2500	8.9000
77 Venezuela par A	6¾	03/31/20	70.5000	9.5700
78 Mexico	11½	05/15/26	100.7500	11.4100
91 Bulgaria	6 11/16	07/28/11	45.6250	14.6600
93 IADB	6⅝	09/27/01	101.5000	6.7700
103 Italy B	zero	01/10/01	75.7500	6.7100
104 Ecuador par	3¼	02/28/25	41.8800	7.7600
106 Mexico	11⅜	09/15/16	100.0000	11.3800
107 Argentina L	6⅞	03/31/23	74.5000	8.6400
108 EIB	7⅛	09/18/06	102.3750	6.9600
111 Bulgaria	6 11/16	07/28/24	52.3800	12.7700
118 Brazil S.L	6⅝	04/15/09	81.3800	8.0600
120 Ecuador	3	02/28/15	56.2704	5.3300
124 Mexico D	6.453	12/28/19	84.6200	7.6300
126 Mexico B	6.391	12/31/19	84.6200	7.5500
129 World Bank	6⅝	08/21/06	99.0000	6.6900
132 Argentina	5.445	04/01/01	118.40	4.5900
137 France Telecom	6⅞	10/01/01	101.1250	6.8000
139 TMCC	6½	09/30/99	100.8750	6.4400
144 Nat Aust Bank	zero	11/27/96	99.1877	5.2700
145 Mexico A	6.398	12/31/19	84.6200	7.5600
147 Bulgaria	2¼	07/28/12	34.0229	6.6100
148 Italy	7	09/18/01	101.3750	6.9100
153 Brazil Cbond S.L	4½	04/15/14	63.0950	7.1300
156 Nigeria	6¼	11/15/20	62.0000	10.0800
160 Mexico C	6.352	12/31/19	84.6200	7.5100
162 Canada	6¾	08/28/06	99.1250	6.8100
169 Italy	6⅞	09/27/23	92.3750	7.4400
170 Italy	5.488	06/28/01	100.0000	5.4800
173 Mexico	7 11/16	08/06/01	100.1800	7.6700
178 Panama pdi	4	07/17/16	72.9731	5.4800
180 Kansai Intl Airp	7¼	10/02/06	101.8750	7.1200
181 Poland	3¾	10/27/14	80.1794	4.6800
186 Venezuela S.A	6¾	03/18/07	84.6900	7.8200
191 Argent Restr.40d	zero	11/01/96	90.0000	-
193 Venezuela par B	6¾	03/31/20	70.5000	9.5700
194 Mexico	9¾	02/06/01	102.2500	9.5400
195 Ecuador	6½	02/28/25	63.9287	10.1700
198 Britain	6¾	07/19/01	101.2500	6.6700
210 Bankamerica	5.756	09/26/01	99.7900	5.7700
212 World Bank	8⅝	10/01/99	106.7500	7.8500
216 Poland	6⅞	10/27/24	95.7500	6.7200
218 Bayer	6¾	10/01/01	100.5000	6.7200
221 Argentina Pred	5.445	09/01/02	101.3500	5.3700
226 Venezuela S.B	6½	03/31/07	84.6900	7.6800
230 Mexico		11/27/96	126.6528	-
233 Mexico	7.398	03/30/08	99.6200	7.4200
240 Kansai Elec Pwr	7¼	09/25/06	101.3750	7.1500
244 Ontario	7⅜	01/27/03	102.8750	7.1700
246 Fannie Mae	7.40	07/01/04	103.6250	7.1400
250 Bgb Fin Ireland	6½	09/03/01	99.2500	6.5500

New International Bond Issues

Compiled by Charlotte Sector

Issuer	Amount (millions)	Mat.	Coup. %	Price	Price end week	Terms
Floating Rate Notes						
American Express Travel	$125	2001	0.10	99.825	—	Over 3-month Libor. Callable at par from 1999. Fees 0.15%. Denominations $10,000. (Goldman Sachs Intl.)
Bankers Trust New York	$250	2001	⅛	99.932	—	Over 3-month Libor. Callable at par in 1999. Fees 0.20%. Denominations $10,000. (Salomon Brothers Intl.)
Cho Hung Bank	$200	2001	0.23	100.00	—	Interest will be 0.23 over 6-month Libor until 1999, when issue is callable at par, thereafter 0.355 over. Fees 0.15%. Denominations $100,000. (Deutsche Morgan Grenfell.)
Den Norske Bank	$200	1999	libor	99.999	—	Interest will be the 3-month Libor. Callable at par from 1998. Fees 0.10%. (Salomon Brothers Intl.)
Santander Financial Issuances	$150	2006	0.30	99.93	—	Over 3-month Libor. Noncallable. Fees 0.50%. Denominations $10,000. (Lehman Bros Intl.)
Societe Generale	$220	perpl	⅝	99.74	—	Interest will be 0.625 over 3-month Libor until 2006, when issue is callable at par, thereafter 2 over. Fees 0.75%. Denominations $100,000. (Morgan Stanley Intl.)
Depfa	FF1,000	1998	0.15	100.00	—	Interest will be 0.15 over 3-month Pibor in first year, thereafter a fixed 4%. Noncallable. Fees 0.15%. (Credit Commercial de France.)
Kookmin Bank	HK$1,000	1999	0.40	100.00	—	Over HKibor. Noncallable. Fees 0.30%. (Merrill Lynch Intl.)
Fixed-Coupons						
Argentina	$1,000	2006	11	99.583	100.38	Semiannually. Noncallable. Fees 0.875%. (Goldman Sachs Intl.)
Asset Backed Capital	$250	1999	6½	101.1125	100.21	Reoffered at 99.925. Noncallable. Fees 1⅛%. Denominations $10,000. (CS First Boston.)
BNG Bank	$200	1999	6¼	101.147	99.98	Reoffered at 99.96. Noncallable. Fees 1⅛%. (ABN-AMRO Hoare Govett.)
Federal National Mortgage Association	$500	2001	6.90	99.942	—	Callable at par from 1998. Fees 0.25%. (Lehman Brothers Intl.)
LB Rheinland-Pfalz	$150	1999	6.10	100.00	—	Semiannually. Noncallable private placement. Fees 0.35%. Denominations $10,000. (IBJ Intl.)
Lisbon	$100	2016	7.42	100.00	—	Semiannually. Noncallable. Fees 0.50%. Denominations $500,000. (Merrill Lynch Intl.)
SmithKline Beecham Capital	$200	2001	6¾	99.637	100.07	Noncallable. Fees 0.275%. (Citibank Intl.)
Yokohama	$200	2006	7	99.656	100.16	Noncallable. Fees 0.325%. (Bank of Tokyo-Mitsubishi Intl.)
Deutsche Ausgleichsbank	DM300	2004	5⅞	101.30	102.25	Reoffered at 99¼. Noncallable. Fees 2⅛%. (Dresdner Bank.)
Sires (Lines) Series 79	DM225	2005	13	101.00	—	Reoffered at 99. Sinking fund to start in 2000. (Merrill Lynch Intl.)
British Columbia	FF1,500	2007	6¼	100.03	—	Noncallable. Fees 0.325%. (Banque Paribas Capital Markets.)
Credit Local	FF500	2001	5⅝	102.185	99.95	Reoffered at 100.56. Noncallable. Fungible with oustanding issue, raising total amount to 2.5 billion francs. Fees 1⅞%. (ABN-AMRO Hoare Govett.)
Korea Development Bank	FF1,500	2002	5⅝	99.771	100.20	Noncallable. Fees 0.325%. (Societe Generale.)
Statkraft	FF1,500	2008	6¼	100.517	99.80	Reoffered at 98.892. Noncallable. Fees 2%. (Banque Nationale de Paris.)
Abbey National Treasury Services	ITL200,000	2001	7⅝	101.66	99.63	Noncallable. Fees 1⅞%. (Credito Italiano.)
European Investment Bank	ITL500,000	2001	7.55	101.60	100.05	Noncallable. Fees 1⅛%. (Istituto Bancario San Paolo di Torino.)
Oesterreichische Postparkasse	ITL300,000	2003	zero	58.745	—	Yield 7.90%. Reoffered at 56.97. Callable at 77.335 in 2000. Proceeds 170.9 billion lire. Fees 1⅞%. (Banca Nazionale del Lavoro.)
World Bank	ITL1 T	2016	zero	23.144	21.25	Yield 7.59%. Reoffered at 21.294. Noncallable. Proceeds 212.9 billion lire. Fees 2%. (Credito Italiano.)
ING Bank	DF500	2006	6¼	100.115	99.55	Reoffered at 98.54. Noncallable. Fungible with outstanding issue, raising total amount to 1 billion guilders. Fees 2%. (ING Barings.)
Kredietbank Intl Finance	DF250	perpt	6¾	100¼	101.00	Interest will be a fixed 6¾% until 2006, when issue is callable at par, thereafter 2½ over 10-year DSL. Reoffered at 99½. Fees 2%. (ABN-AMRO Hoare-Govett.)
Van Lanschot Bankiers (F.)	DF350	2006	6¼	101.025	99.32	Reoffered at 99.45. Noncallable. Fees 2%. (Rabobank Intl.)
Sweden	NZ$150	1998	8	101.085	100.05	Noncallable. Fees 1½%. (Hambros Bank.)
Sweden	Y17,500	1997	7.10	100.00	—	Redemption at maturity will be in NZ$. Noncallable private placement. Fees 1.60%. Denominations in NZ$ 10,000. (Morgan Stanley Intl.)
World Bank	Y50,000	1999	5	98.5375	—	Redemption at maturity will be in dollars. Noncallable. Fees 0.1875%. (Daiwa Europe.)
Equity-Linked						
Hankyu Corp.	Y10,000	2006	1½	100.00	—	Semiannually. Redeemable at 101½ in 2003. Convertible into company's shares at 680 yen per share. Fees 2½%. Denominations 10 million yen. (Daiwa Europe.)
Nissan Diesel Motor	Y10,000	2001	⅛	100.00	—	Semiannually. Noncallable. Convertible into company's shares at 585 yen per share. Fees 2½%. Denominations 10 million yen. (IBJ Intl.)
Tonami Transportation	Y10,000	2000	zero	100.00	—	Noncallable private placement. Convertible at 687 yen per share, a 0.59% premium. Fees not disclosed. (Banque Kankaku)

The Week Ahead: World Economic Calendar, Oct. 7-11

A schedule of this week's economic and financial events, compiled for the International Herald Tribune by Bloomberg Business News.

	Asia-Pacific	Europe	Americas
Expected This Week	**Manila:** Development Center for Finance holds a one-day seminar on international finance on Saturday. **Board meetings:** Infosys Technology Ltd. on Wednesday. **Annual meeting:** Saztec Philippines Inc.	**Bournemouth, England:** Conservative Party conference. Tuesday to Friday. **Wiesbaden, Germany:** July trade and current-account data possible.	**Honolulu:** American Bankers Association holds annual convention on the state of the banking industry. Until Monday. **Mexico City:** Electronic Industries Association's annual exhibition on consumer electronic products. Tuesday to Thursday.
Monday Oct. 7	**Manila:** National Power Corp.'s deadline for companies to submit bids for its gas-fired power plant. **Tokyo:** 20-day trade figures for September; Machine Tool Builders Association releases machine-tool order figures for August.	**London:** Production index for August. **Paris:** Eurotunnel presents details of agreement with creditors; National Audit Office's annual report. **Wiesbaden, Germany:** Wholesale sales for August.	**Las Vegas:** Cellular Telecommunications Industry Association holds Wireless Applications '96 forum. **New York:** Alan Greenspan, Federal Reserve Board chairman, speaks to the Public Securities Association.
Tuesday Oct. 8	**Manila:** PDCP Development Bank begins sale of preferred shares. **Tokyo:** August videocassette recorder production figures; September wholesale price index; August machine order statistics.	**Brussels:** Generale de Belgique SA releases first-half earnings. **Nuremberg:** Unemployment figures for September. **Rome:** Trade with EU countries for July; trade with non-EU countries for August.	**New York:** Johnson Redbook research service releases weekly survey of total sales at more than 20 U.S. department, discount and chain stores; Mitsubishi Bank-Schroder Wertheim weekly retail chain-store sales index.
Wednesday Oct. 9	**Tokyo:** August current-account balance; deposits and lending statistics for September.	**Frankfurt:** Bundesbank allots securities repurchases. Some 67.8 billion Deutsche marks in 14-day repurchases at a fixed rate of 3.00 percent expire. **Earnings expected:** UAP SA	**New York:** Forum on "Strategic Directions for the Internet: A View From Lotus, Microsoft, Netscape and Sun." **Washington:** August wholesale trade.
Thursday Oct. 10	**Nothing scheduled.**	**Frankfurt:** Bundesbank policy-setting council meets **London:** Retail price index for September. **Paris:** Second-quarter trade; September consumer confidence.	**New York:** Time Warner Inc. and Turner Broadcasting System Inc. hold shareholder meetings to vote on Time's acquisition offer. **Washington:** Initial weekly state unemployment compensation insurance claims; weekly money supply.
Friday Oct. 11	**Tokyo:** September report on the state of the economy; condominium sales in the Tokyo area for September. **Annual meeting:** Hotel Properties Ltd.	**Rome:** July factory orders and sales indicators. **Paris:** September preliminary consumer price index report. **Zurich:** CS Holding's extraordinary shareholders meeting on reorganization announced in June.	**Ottawa:** Statistics Canada's September labor force survey. **Washington:** September producer price index; September retail sales; report on commercial and industrial loans at U.S. commercial banks.

Last Week's Markets

Stock Indexes

	Oct. 4	Sept. 27	% Ch'ge
United States			
DJ Indus.	5,992.86	5,872.95	+2.04
DJ Util.	221.91	218.14	+1.73
DJ Trans.	2,102.14	2,067.04	+1.70
S & P 100	676.97	661.08	+2.40
S & P 500	701.46	686.19	+2.23
S & P Ind	818.45	811.15	+0.90
NYSE Cp	374.16	366.27	+2.15
Nasdaq Cp	1,245.47	1,230.05	+1.25
Japan			
Nikkei 225	21,148.03	21,547.02	—1.85
Britain			
FTSE 100	4,025.00	3,964.10	+ 1.99
Canada			
TSE Indus.	5,415.71	5,301.05	+2.16
France			
CAC 40	2,152.69	2,107.05	+ 2.17
Germany			
DAX	2,683.28	2,659.04	+ 0.91
Hong Kong			
Hang Seng	11,905.51	11,759.40	+1.24
World			
MSCIP	790.54	784.45	+0.78

World index from Morgan Stanley Capital Intl Perspective.

Money Rates

	Oct. 4	Sept. 27
United States		
Discount rate	5.00	5.00
Prime rate	8¼	8¼
Federal funds rate	5 5/16	5¼
Japan		
Discount	0.50	0.50
Call money	0.41	0.43
3-month interbank	0.53	0.56
Britain		
Bank base rate	5¾	5¾
Call money	5⅞	5 15/16
3-month interbank	5⅞	5⅞
France		
Intervention rate	3.25	3.25
Call money	3 5/16	3⅝
3-month interbank	3 5/16	3¼
Germany		
Lombard	4.50	4.50
Call money	3.07	3.05
3-month interbank	3.16	3.16

Gold	Oct. 4	Sept. 27	% Ch'ge
London p.m. fix.$	380.70	380.70	Unch.

Euromarts

Eurobond Yields

	Oct. 4	Sept. 27	Yr high	Yr low
U.S. $, long term	7.07	7.08	7.28	6.17
U.S. $, mdm term	6.63	6.65	6.81	5.61
U.S. $, short term	6.24	6.27	6.48	5.19
Pounds sterling	7.44	7.48	7.88	6.99
French francs	5.46	5.44	6.38	5.43
Italian lire	8.29	8.49	10.45	8.29
Danish kroner	5.94	5.96	6.51	5.94
Swedish kronor	6.08	6.14	8.55	6.08
ECUs, long term	6.31	6.28	7.50	6.28
ECUs, mdm term	5.34	5.32	6.56	5.32
Can. $	6.60	6.63	7.41	6.56
Aus. $	7.62	7.72	9.04	7.62
N.Z. $	8.13	8.15	9.37	7.04
Yen	2.14	2.15	2.78	2.14

Source: Luxembourg stock exchange.

Weekly Sales — Oct. 3

Primary Market

	Cedel Bk $	Cedel Bk Non$	Euroclear $	Euroclear Non$
Straights	161.2	720.9	2,334.0	2,207.6
Convert.	—	3.3	40.0	1,109.4
FRNs	468.0	504.4	255.2	366.5
ECP	15,887.8	11,304.0	10,126.9	11,368.8
Total	16,517.0	12,532.6	12,756.1	15,052.2

Secondary Market

	Cedel Bk $	Cedel Bk Non$	Euroclear $	Euroclear Non$
Straights	20,332.3	25,898.2	64,643.9	29,397.5
Convert.	646.8	1,841.3	2,586.2	5,082.0
FRNs	15,510.8	7,968.6	61,493.9	14,331.3
ECP	13,601.8	18,655.2	23,641.1	28,342.5
Total	50,091.7	54,363.3	152,565.1	76,[illegible]

Source: Euroclear, Cedel Bank.

Libor Rates

	1-month	3-month	6-month
U.S. $	5 5/16	5 7/16	5 9/16
Deutsche mark	3 1/16	3⅛	3¼
Pound sterling	6 1/16	6 1/16	5 15/16
French franc	3 5/16	3 7/16	3 9/16
ECU	4 5/16	4 5/16	4 5/16
Yen	½	½	½

Sources: Lloyds Bank, Reuters.

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2 Leading Bears Dress as Bulls

Analysts Say Sentiment Overcoming Fundamentals

By Jonathan Fuerbringer
New York Times Service

NEW YORK — "We surrender."

That, in effect, was the response at Morgan Stanley & Co. last week as two of Wall Street's most prominent "bears" doffed their painfully uncomfortable furs and donned bullish horns.

Since April, Byron R. Wien, an investment strategist, has been predicting a 1,000-point decline in the Dow Jones industrial average.

Stephen S. Roach, the firm's chief economist, forecast a rise in long-term interest rates to 7.5 percent this year.

But in the face Friday of economic news that prompted yet another stock-market record and a bond-market rally, both finally did an about-face.

"The economy is fine, but our interest-rate call isn't," Mr. Roach said in a memo to clients.

In a conference call to clients, Mr. Roach added that he now expected long-term rates to fall to 6.5 percent this year. That would be about a quarter of a percentage point below where they ended Friday after a surprisingly weak September jobs report helped solidify a view that the U.S. economy is relatively soft and inflation is in check.

Mr. Wien said that with the forecast of declining interest rates, his near-term outlook has flipped. "There is a 10 percent upside in the market," he said, "if interest rates go to 6.5 percent."

The switch by these strategists, two of the most prominent analysts on Wall Street, could add to the very market sentiment that Mr. Roach said had forced him to reverse his interest-rate outlook.

It also leaves very few bears — those who think markets will drop —

INVESTING

still active as winter approaches. But it has often been true in the past that markets reach a peak as soon as almost everyone becomes convinced that they will not fall.

Economic fundamentals have not changed, Mr. Roach argued: The economy is stronger than current data are indicating, and eventually interest rates and inflation will move higher. But now, Mr. Roach said, he thinks that will not happen until next year.

At the same time, Mr. Roach conceded that most investors were seeing things differently, choosing to focus on the current slowdown in growth, the fact that inflation is still in check and economic news that could persuade the Federal Reserve Board to leave short-term interest rates unchanged through the end of the year. The central bank's policy-setting committee did not change its interest-rate target at its last meeting two weeks ago.

While he disagrees with common view, he said he could no longer resist the tide. "My job is to try to call the market," he said. "Markets are determined by fundamentals and sentiment, and right now sentiment is overwhelming the fundamentals."

The decline in Mr. Roach's interest-rate forecast, which Mr. Wien endorsed, moved Mr. Wien to throw in the towel on stocks too. Instead of the risk of an overvalued market that would push stocks sharply lower, lower long-term rates could leave the stock market undervalued with an opportunity for a strong rally.

For all the force of their about-face, though, it was still done a little grudgingly. "I am still worried about a major sell-off," Mr. Wien said, "but not until sometime after the first quarter of next year."

Mr. Roach, meanwhile, is forecasting that interest rates will move higher next year, hitting 7 percent to 7.5 percent in the first half. But that is lower than the 8 percent he once expected.

Small-Company Funds Cling to Favor

By Carole Gould
New York Times Service

NEW YORK — The beating taken by small-company funds in the past quarter may have tested the resolve of long-term investors to stick to their guns.

But four of the five investment advisers managing hypothetical retirement portfolios for The New York Times still see opportunities in that sector and have raised their small-stock allocations for the fourth quarter.

"We're still long-term believers in small stocks, even though there may be some vulnerability over the next three years or so," said Harold Evensky, an investment adviser in Coral Gables, Florida.

That vote of confidence comes despite a summer stock market that rattled investors' nerves.

"The third quarter of this year has been more of a bungee jump than a roller-coaster ride," said Jack A. Brill, an investment adviser in San Diego who specializes in "socially responsible" investing. The frenetic market activity caused him to "look extra hard" at the money he manages, he said.

That mood is prevalent among the five investment advisers.

For the first time in more than two years, they have all juggled their holdings, for reasons ranging from the desire to add small-company exposure to wanting to reduce risk, cut costs or pare funds that had grown too big.

Among the five advisers, the quarter's top performer, for the first time, was Mr. Brill. With a number of new managers in his funds and a portfolio insulated from the summer's attacks on tobacco stocks, Mr. Brill tallied a gain of 3.64 percent. He also did not own many of the overseas funds that hurt the other portfolios.

Mr. Brill is, however, putting more money overseas. Specifically, he is buying shares of the Citizens Global Equity fund "because I think that next year global stocks have greater potential than domestic stocks," he said.

He found the money to buy Global by selling shares in Calvert Capital Accumulation, which has three managers. Each manager, he said, has a different style, and that has made it "hard to evaluate and predict future patterns."

Finally, Mr. Brill is nearly doubling his stake in the Citizens Emerging Growth fund "to look for above-market performance in the small-cap market segment," he said.

Sheldon Jacobs, who edits The No-Load Fund Investor in Irvington, New York, retains the overall lead among the five managers, with a gain of 63.69 percent since the contest began in mid-1993. In that time, the five portfolios have risen an average of 49.37 percent, compared with a 68.16 percent total return for the Vanguard Index 500 fund, which seeks to imitate the movements of the Standard & Poor's Corp. 500-stock index.

The portfolio performance, tracked quarterly by Lipper Analytical Services of Summit, New Jersey, excludes sales charges, transaction costs and tax considerations because most retirement money is held in tax-deferred accounts. The five advisers can choose funds that are open to new investors and can shift money quarterly, though the portfolios are intended to run for 20 years.

China Warns U.S. on Sanctions

Reuters

BEIJING — A trade official said Sunday that a recent U.S. decision to impose punitive charges on China's textiles quotas was unreasonable and warned of possible retaliation if the sanctions were not revoked.

If the United States insists on perpetuating the trade friction, China will have no option but to reciprocate, said Li Dongsheng, director of the trade administration department of the Ministry of Foreign Trade and Economic Cooperation, according to the Xinhua news agency.

The U.S. Trade Representative's Office announced last month that Washington had decided to penalize China for allegedly attempting to circumvent quotas on textile exports to the United States by shipping more than 2 million garments through other countries.

Mr. Li said the decision had been made without full consultations with the Chinese side and without providing clear evidence as required by a China-U.S. textiles agreement. He attributed the decision to "political maneuvering in a presidential election year."

"China hopes the U.S. side will revoke its decision, in the spirit of developing Sino-U.S. trade ties," Mr. Li said.

"Trade friction does nobody any good, but harms the interests of both sides," he said. "As long as the U.S. side has the sincerity to settle disputes, China is willing to once again hold consultations, in light of the spirit of the bilateral textiles agreement, and work for a satisfactory settlement."

■ New Regulations on Chinese Oil

China will allow some onshore oil fields in which foreigners have invested to sell their oil at world market prices starting in early 1997, Reuters reported, quoting a Chinese business newspaper.

The decision concerns oil fields that are scheduled to begin production next year. "China's intention to keep its oil market tightly regulated until the year 1999 may be facing a stiff challenge as incentive systems begin to take effect," the China Daily Business Weekly said.

A relaxation of prices as part of a preferential policy system directed at onshore investors would entail the creation of a three-tier oil pricing system for onshore fields, the newspaper said. Oil from China's onshore fields currently sells for prices averaging 300 yuan ($36) a ton less than the world market price, it said.

A project involving an American company, ACL China Ltd., near Bohai Bay is expected to be the first to benefit from the new regulations. A joint venture with JKR International Inc. of the United States in two areas of the Songliao Basin in northeastern Jilin Province is also expected to start to produce large amounts of oil soon, the newspaper said. It said the government would face pressure to ease oil prices further because funds were needed for exploration in desert areas.

Report Warns on Asian Telecoms

Reuters

SINGAPORE — Foreign companies expecting to make huge profits hooking up the Asian telecommunications market may end up disappointed, a report released over the weekend warned.

"Asia is not the pot at the end of the telecommunications rainbow that many foreign companies hope it will be," said the latest report by Asian Intelligence, a publication of Political & Economic Risk Consultancy Ltd., based in Hong Kong.

"Even talking in terms of the emerging Asian telecommunications market is deceiving," the report said. "Asia is a collection of countries with very different situations with respect to their telecommunications industries."

Liberalization of the telecommunications industry is proceeding in almost every Asian country from Indonesia to China, but reform "is not being greeted with great enthusiasm" by many of the companies that dominate the market in the region, the report said.

The list of players includes China's Ministry of Posts and Telecommunications, Philippine Long Distance Telephone Co., Singapore Telecommunications Ltd., Korea Mobile Telecom Corp. and Taiwan's Directorate General of Communications.

"All are determined to hold on to as much domestic market share as possible," Asian Intelligence said.

Telecommunications reform in Asia will not be as smooth as many in the industry had hoped or as the public was led to believe, it said.

It said the existing companies, aside from their political influence, often can use the bureaucratic inertia in their governments to keep the competition off balance.

"Even when rules are changed officially, it is easy for the larger, established companies to refuse to cooperate with newcomers in ways that delay their expansion plans and push up investment costs of new entrants," the report said.

Intense competition, especially in the mobile-phone business, is also eating at profit margins. "Major deals seem to be announced on almost a daily basis, but only a few companies are making really big money," the report said.

Mideast Tension Takes Toll on Tourism

Reuters

AMMAN, Jordan — The Middle East's tourism industry, which had begun to gain from peace accords between Israel and its Arab neighbors, is feeling the heat from fresh conflicts in the region.

Tourism officials say the election in May of Israel's hard-line prime minister, Benjamin Netanyahu, slammed the brakes on the growth of regional tourism.

Israel's Tourism Ministry said last week that new reservations from overseas tourists had dried up because of clashes between Israeli soldiers and Palestinians.

The Arab world gets only 2 percent of the world's annual $370 billion in tourism spending, according to the Arab Hotels and Tourism Union, even though it boasts extraordinary attractions from Egypt's Pyramids to Jordan's rose-red city of Petra.

"Unfortunately, the foreign tourist sees the Middle East as one region," said Saleh Irsheidat, Jordan's tourism minister. "Hence, decisions to postpone or cancel trips are taken without examining the state of each country on its own."

In Israel, tourism brought in $3.3 billion last year. But overnight stays this summer were down by between 14 percent and 22 percent from a year earlier, according to the Israel Hotels Association, and passenger volumes on El Al, which flew 2.93 million passengers in 1995, fell sharply in the first nine months of the year.

"What we're experiencing today is a decrease of 12 to 18 percent," a spokesman for the Israeli airline said.

Jordan had hoped for an increase in tourist revenue — its main foreign-currency earner after expatriate remittances and exports of potash and phosphates — to nearly $1 billion from $700 million in 1995. But the government now doubts that last year's record of 1.1 million visitors will be broken this year.

BA Seeks to Block Sale of Air Liberte

Reuters

LONDON — British Airways PLC said Sunday it was urging the European Commission to block "with the utmost urgency" a bid by the French regional airline AOM to buy its competitor Air Liberte, which went into receivership last week.

AOM is currently up for sale under the restructuring plan of its state-owned parent company, Credit Lyonnais.

Allowing AOM to buy Air Liberte would be an illegal use of state aid, BA wrote to Neil Kinnock and Karel van Miert, the European commissioners for transport and competition, because it would add to the liabilities facing AOM Group, a violation of the conditions set by European authorities for the bailout of Credit Lyonnais.

AOM is owned by Consortium de Realisation, the holding company charged with selling Credit Lyonnais assets under a state-supported rescue plan.

On Friday, the daily Le Monde reported that the French government wanted to create an airline by bringing together privately owned Eurolair and AOM and buying the insolvent Air Liberte to keep out BA.

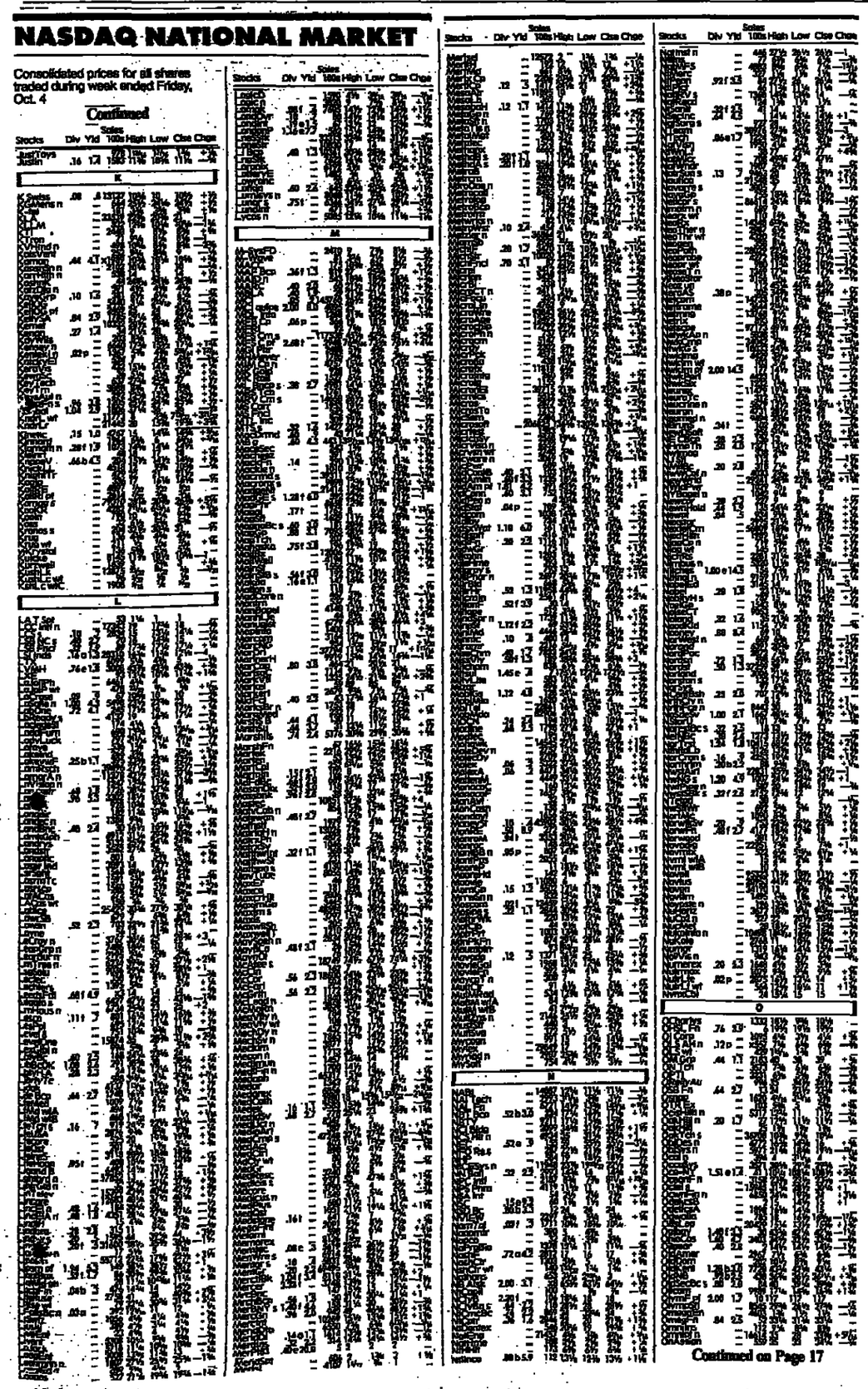
If BA acquired Air Liberte, it would stand to gain valuable slots at Orly airport near Paris.

In the letter to European authorities, BA said France was "seeking to arrange the sale of Air Liberte in such a way as to avoid its slots at Paris Orly being acquired by foreign airlines," adding that "new slots at Orly are no longer available."

NASDAQ NATIONAL MARKET

Consolidated prices for all shares traded during week ended Friday, Oct. 4

Continued



Continued on Page 17

SHORT COVER

Major Stands by Currency Option

LONDON (Reuters) — Prime Minister John Major praised his pro-European chancellor of the Exchequer, Kenneth Clarke, on Sunday and rejected demands by right-wing Conservatives that he rule out Britain's membership in Europe's planned single currency.

Mr. Major, who negotiated the right to opt out of a single currency when the project was agreed in 1991, said that to rule out membership in the single currency now would be counter to the national interest because Britain would be shut out of negotiations on the details of economic and monetary union.

Mr. Major rejected calls to remove Mr. Clarke from office, saying: "He has produced the best economy and the best economic prospects we've had in this country for a very long time indeed."

Lufthansa Plans Stock Split

COLOGNE (Bloomberg) — Lufthansa AG said its planned share split and conversion of preferred shares to common shares would take place Thursday.

In a notice published Saturday in the federal gazette, Bundesanzeiger, the airline said the common shares would be split 10-for-1 as their par value is reduced to 5 Deutsche marks ($3.26) a share from 50 DM.

At the same time, nonvoting preferred shares will be converted into common, also on a 10-for-1 basis.

Teva Says U.S. Panel Clears Drug

PETACH TIKVA, Israel (Bloomberg) — Teva Pharmaceutical Industries Ltd. said Sunday the U.S. Food and Drug Administration had accepted its advisory panel's approval of the company's treatment for multiple sclerosis, copaxone.

The U.S. agency issued a so-called approvable letter two weeks after its panel declared copaxone safe and effective for treating multiple sclerosis. The letter is an important step toward final approval for marketing, Teva said.

Teva's chief financial officer, Dan Suesskind, said the company now must complete some administrative details for copaxone, Teva's first original drug. These include the instructions for use and the labeling of the product, he said. "I think it should be completed this year," he said.

New Bank Launched in Bahrain

MANAMA, Bahrain (Reuters) — A group of international investors plans to launch a $100 million investment bank that will target the Asia-Pacific region , the bank's founders said Sunday.

Prince Nawaf bin Abdulaziz, a brother of Saudi Arabia's King Fahd, and three investors from the United States, Malaysia and Canada have been licensed by the Bahrain Monetary Agency, Bahrain's Central Bank, to set up the First Gulf Pacific Bank as an offshore banking unit.

The four founders will hold a $20 million stake in the new bank. The rest of the venture's capital will be raised through a private placement.

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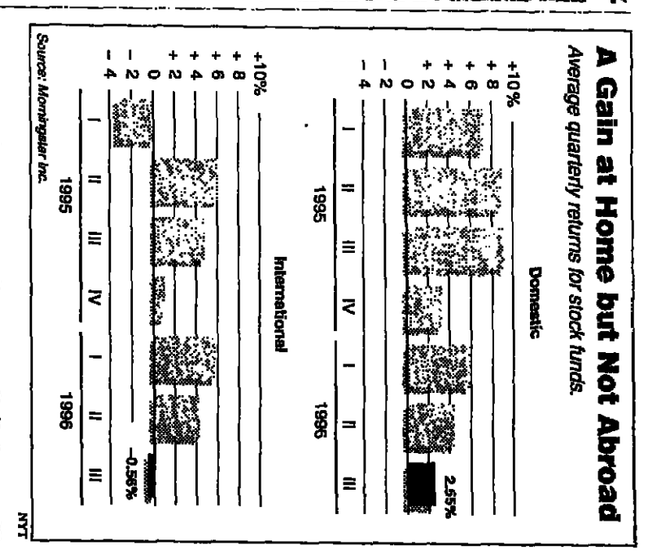
MUTUAL FUNDS

Figures as of close of trading Friday, Oct. 4

Fund Name	Last	Wkly Chge	Fund Name	Last	Wkly Chge	Fund Name	Last	Wkly Chge	Fund Name	Last	Wkly Chge	Fund Name	Last	Wkly Chge	Fund Name	Last	Wkly Chge

A Gain at Home but Not Abroad

Average quarterly returns for stock funds.



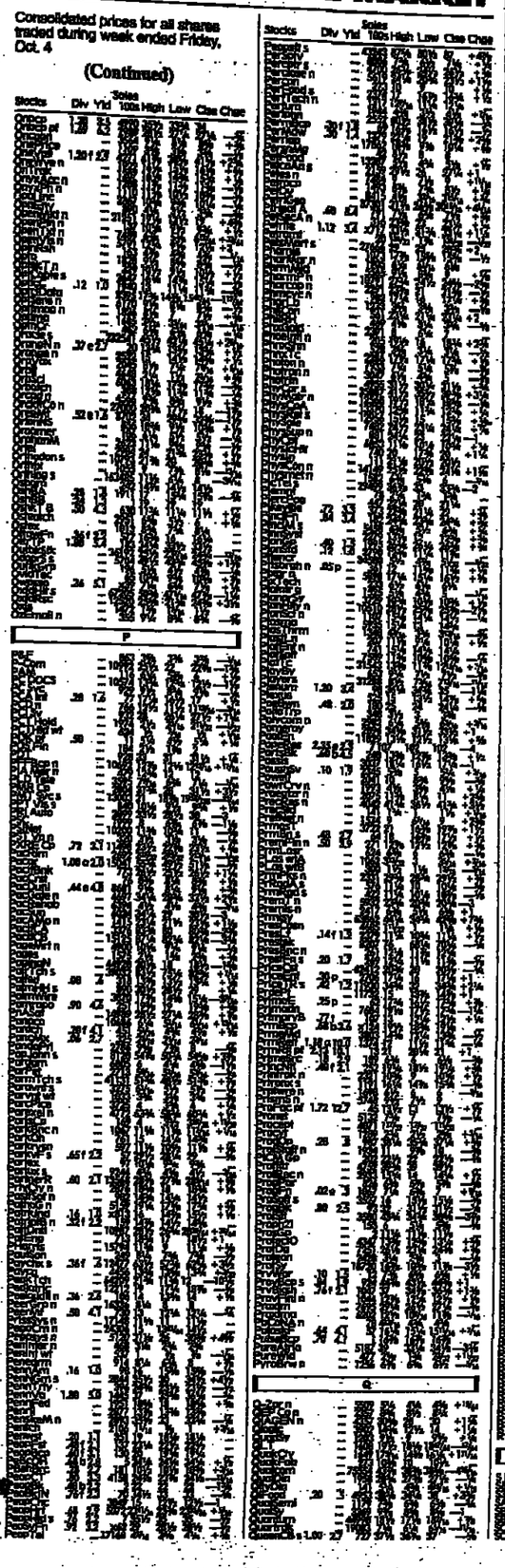
Source: Morningstar Inc.

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NASDAQ NATIONAL MARKET

Consolidated prices for all shares traded during week ended Friday, Oct. 4

(Continued)



DENNIS THE MENACE



PEANUTS



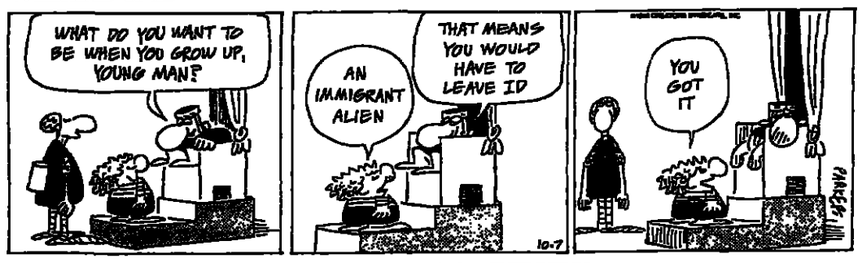
CALVIN AND HOBBES



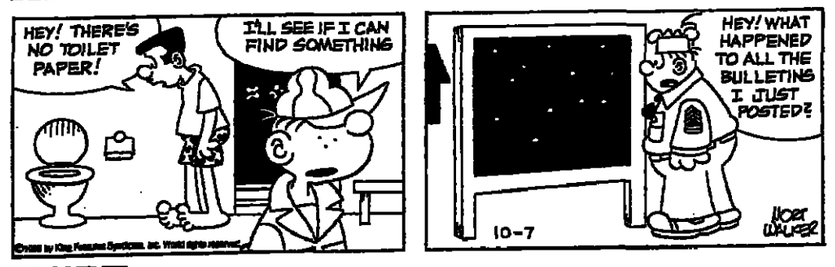
GARFIELD



WIZARD of ID



BEETLE BAILEY



THE FAR SIDE



DOONESBURY



JUMBLE

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SPORTS



Italy's Fabrizio Ravanelli, left, trying to fend off Moldova's Serghei Secu.

Dutch Rally Sinks Wales

The Associated Press

LONDON — Pierre van Hooijdonk came off the bench late in the second half and scored two goals in just three minutes to help Netherlands defeat Wales, 3-1, in one of seven World Cup group qualifying matches.

In another late rally Saturday, fellow European power Italy won, 3-1, at Moldova on second-half goals by Pierluigi Casiraghi and Fabrizio Ravanelli.

The games were the first for the Dutch and Italians in qualifying for the 1998 World Cup in France, and the first since both clubs stumbled badly in last summer's European Championship. Italy went out in the first round and Netherlands lost in the quarterfinals.

Trailing 1-0 and frustrated by the excellent play of Wales's 38-year-old goalie, Neville Southall, Netherlands sent van Hooijdonk in as a substitute. He had been playing for only a few minutes when he scored in the 72d. Then he did it again three minutes later on a header to make it 2-1. Roland de Boer got the final goal in the 79th. Dean Saunders had given Wales the lead in the 16th minute on a disputed play that a television replay revealed was offside.

Wales leads Group 7 with six points from two victories over San Marino, one of the weakest teams in world soccer. The Dutch picked up three points with the victory to move into a second-place tie with Belgium.

In Moldova, Ravanelli gave Italy a 1-0 lead in the 8th minute, but Moldova's Alexandru Curteanu scored the equalizer three minutes later on an Italian defensive lapse. Casiraghi scored the winner in the 68th and Ravanelli got his second three minutes later. Italy has three points and is tied atop Group 2 with England, which won earlier at Moldova, 3-0.

In other games Saturday, in Group 4, Estonia beat Belarus, 1-0, while Scotland downed Latvia, 2-0. In Group 8, Lithuania defeated Iceland, 2-0, while in Group 9 Northern Ireland and Armenia played to a draw and Ukraine downed Portugal, 2-1, in the day's biggest upset.

Yuri Maximov scored the winner for Ukraine in the 88th minute to give his team the top spot in the group with two victories in two games. The other triumph came over Northern Ireland: Serhy Popov scored Ukraine's first goal.

Blackhawks Deal Capitals A Loss, 5-2, on Opening Night

By Rachel Alexander
Washington Post Service

The Washington Capitals heard all summer how they had to add some sizzle to their offense, but in their 5-2 season-opening loss to the Chicago Blackhawks, it was the Capitals' defense and hardworking style that were sorely missing.

"This is our home opener and we were outhustled, outworked and outhit in our own building," the Capitals' coach, Jim Schoenfeld, said after the game Saturday.

Richard Zednik, a right wing playing in only his second NHL game, may have been the one bright spot when he scored the Capitals' first goal at 5 minutes, 27 seconds of the second period. His shot from the top of the right faceoff circle bounced off goaltender Ed Belfour, hit defenseman Keith Carney's skate, then bounced back into the goal.

NHL Roundup

The unassisted score, Zednik's first in a regular-season game, came 23 seconds after Sergei Krivokrasov notched Chicago's opening goal.

The Capitals, though, were only able to keep it tied for about four minutes. The Blackhawks buried the Capitals in the second period, outshooting them 13-6. Eric Weinrich and James Black scored twice to put Chicago comfortably in front.

Rangers 4, Bruins 4 Wayne Gretzky's debut with the Rangers was a dud, but Mark Messier assisted on three goals as New York erased a two-goal, third-period deficit to tie host Boston.

Adam Graves's second goal of the game, on a power play at 8:10 of the third period, ended New York's three-game losing streak in season openers.

Gretzky, who joined the Rangers as a free agent, was reunited with Messier, his teammate on four Stanley Cup winners in Edmonton. Gretzky was scoreless and had no solid scoring chances in his two overtime shifts.

Steve Heinze scored two goals and Rick Tocchet and Jozef Stumpel got one each for Boston. New York's Ulf Samuelsson scored the first goal of the game and Luc Robitaille and Graves brought the Rangers back from 4-2.

Whalers 1, Coyotes 0 In Hartford, Phoenix ran into a hot goaltender in Sean Burke and lost its first game representing its new city. Burke stopped 30 shots in leading the Whalers past the Coyotes, who moved to Phoenix from Winnipeg after 24 seasons.

The shutout was the 11th in Burke's career and seventh since joining the Whalers in 1992. Defenseman Alexander Godynyuk scored the only goal.

Lightning 4, Penguins 3 Shawn Burr one-handed a shot through Tom Barrasso's legs at 1:37 of overtime as Tampa Bay overcame Mario Lemieux's tying goal with four seconds left in the third to beat the host Penguins.

Four of the six goals were scored in the final 4:40 of play as John Cullen and Dino Ciccarelli each scored in a 21-second span to turn a 2-1 Tampa Bay deficit into a 3-2 lead before Lemieux tied it.

Panthers 3, Flyers 1 John Vanbiesbrouck made 31 saves as Florida christened Philadelphia's new arena with a victory over the Flyers. Brad Smyth, Scott Mellanby and Johan Garpenlov scored for Florida. Rookie Dainius Zubrus had Philadelphia's goal.

Maple Leafs 4, Ducks 1 Felix Potvin's 29 saves highlighted Toronto's 80th home-opener victory.

Mike Craig, Dave Ellett, Kirk Muller and Wendel Clark scored Toronto's goals. Jari Kurri scored for Anaheim.

Canadiens 3, Senators 3 A giveaway by the Canadiens' goaltender, Jocelyn Thibault, led to Alexei Yashin's tying goal at 9:53 of the third period as Ottawa skated to a tie with Montreal.

Devils 3, Red Wings 1 Brian Rolston and Steve Thomas scored 1:24 apart in the second period as New Jersey opened the season with a victory over Detroit. Neither Paul Coffey, the NHL's career leading scorer among defensemen, nor holdout center Keith Primeau were in the Red Wings' lineup. Both were reportedly about to be traded to the Whalers as part of a deal to bring Brendan Shanahan to Detroit.

With neither in the lineup, the Devils' goaltender, Martin Brodeur, had to make 24 saves. Sergei Fedorov spoiled the shutout bid by scoring off a feed from Steve Yzerman with 7:19 to play.

Stars 4, Avalanche 1 Craig Ludwig and Pat Verbeek scored in an 18-second span in a four-goal outburst in the third period, leading host Dallas past Colorado, the defending NHL champion.

Islanders 2, Sharks 2 Bernie Nicholls's goal with 16 seconds left in regulation gave the Sharks a tie with New York in Al Sims's debut as San Jose's head coach. Nicholls's shot bounced past goaltender Tommy Salo.

Canucks 3, Flames 1 Host Vancouver stuck to the defensive style stressed by its new coach, Tom Renny, to stop Calgary. Alexander Mogilny, Esa Tikkanen and Markus Naslund scored for Vancouver.



The Devils' Brian Rolston crashing into the Red Wings' Anders Eriksson. Rolston helped New Jersey to victory.

SCOREBOARD

BASEBALL

Major League Playoffs

FRIDAY'S LINE SCORES
AMERICAN LEAGUE

Baltimore 010 300 000—4 8 2
Cleveland 120 100 41x—9 10 0
Mussina, Orosco (7), Benitez (7), A. Rhodes (8), Te.Mathews (8) and Hoiles, Parent (7); J.McDowell, Embree (6), Shuey (7), Assenmacher (7), Plunk (8), Mesa (9) and S. Alomar. W—Assenmacher, 1-0. L—Orosco, 0-1. HRs—Cleveland, Belle (2), M. Ramirez (2). Baltimore, Surhoff (3).
(Baltimore leads series 2-1)

New York 100 000 002—3 7 1
Texas 000 110 000—2 6 1
Key, J. Nelson (6), Wetteland (9) and Girardi; D.Oliver, Henneman (9), Stanton (9) and I. Rodriguez. HRs—Texas, J. Gonzalez (4). New York, Be.Williams (1).
(New York leads series 2-1)

SATURDAY'S LINE SCORES
AMERICAN LEAGUE

New York 000 310 101—6 12 1
Texas 022 000 000—4 9 0
Rogers, Boehringer (3), Weathers (4), M. Rivera (7), Wetteland (9) and Girardi; B.Witt, D. Patterson (4), Cook (4), Pavlik (5), Vosberg (7), Russell (7), Stanton (9), Henneman (9) and I.Rodriguez. W—Weathers, 1-0. L—Pavlik, 0-1. Sv—Wetteland (3). HRs—New York, Be.Williams 2 (3). Texas, J. Gonzalez (5).
(New York wins series 3-1)

Baltimore 020 000 001 001—4 14 1
Cleveland 000 210 000 000—3 7 1
(12 innings); D.Wells, Te.Mathews (8), Orosco (9), Benitez (10), R. Myers (12) and Hoiles, Parent (9). Nagy, Embree (7), Shuey (7), Assenmacher (7), Plunk (8), Mesa (9), Ogea (12) and S. Alomar. W—Benitez, 2-0. L—Mesa, 0-1. Sv—R. Myers (2). HRs—Baltimore, P. Alomar (1), R.Palmeiro (1), Bonilla (2).
(Baltimore wins series 3-1)

NATIONAL LEAGUE

Los Angeles 000 000 110—2 6 1
Atlanta 100 400 00x—5 7 0
Nomo, Guthrie (4), Candiotti (5), Radinsky (7), Osuna (8), Dreifort (8) and Piazza; Glavine, McMichael (7), Bielecki (7), Wohlers (8) and J. Lopez. W—Glavine, 1-0. L—Nomo, 0-1. Sv—Wohlers (3). HR—Atlanta, Cp.Jones (1).
(Atlanta wins series 3-0)

St. Louis 100 003 102—7 13 1
San Diego 021 100 010—5 11 2
Osborne, Petkovsek (5), Honeycutt (7), T. J.Mathews (8), Eckersley (9) and Pagnozzi; Ashby, Tj.Worrell (6), Valenzuela (8), D.Veras (8), Hoffman (9) and B. Johnson, Flaherty (8). W—T. J.Mathews, 1-0. L—Hoffman, 0-1. Sv—Eckersley (3). HRs—San Diego, Caminiti 2 (3). St. Louis, Gant (1), B. Jordan (1).
(St. Louis wins series 3-0)

Japanese Leagues

CENTRAL LEAGUE

	W	L	T	Pct	GB
x-Yomiuri	76	53	0	.589	—
Chunichi	72	56	0	.563	3½
Hiroshima	71	59	0	.546	5½
Yakult	61	68	0	.473	15
Yokohama	54	75	0	.419	22
Hanshin	53	76	0	.411	23

SATURDAY'S RESULTS
Chunichi 5, Hiroshima 4, 10 innings
Yokohama 6, Hanshin 4

SUNDAY'S RESULTS
Yomiuri 5, Chunichi 2
Hiroshima 5, Yokohama 3

PACIFIC LEAGUE

	W	L	T	Pct	GB
x-Orix	74	50	6	.597	—
Nippon Ham	68	58	4	.540	7
Seibu	62	64	4	.492	13
Kintetsu	62	67	1	.481	14½
Lotte	59	67	2	.469	16
Daiei	54	73	2	.425	21½

x-clinched league title

SATURDAY'S RESULTS
Seibu 5, Kintetsu 2
Orix 8, Lotte 2

SUNDAY'S RESULT
Lotte 8, Kintetsu 0

IHT Puts Baseball Stats on the Internet
All the box scores and the 1996 schedule on the IHT web site:
http://www.iht.com/IHT/SPORTS/bbl.html

FOOTBALL

Top 25 College Results

How the top 25 teams in The Associated Press' college football poll fared this week: No. 1 Florida (5-0) beat Arkansas 42-7. No. 2 Florida State (4-0) beat Clemson 34-3. No. 3 Ohio State (4-0) beat No. 4 Penn State 38-7. No. 4 Penn State (5-1) lost to No. 3 Ohio State 38-7. No. 5 Arizona State (5-0) beat Boise State 56-7. No. 6 Michigan (4-1) lost to No. 22 Northwestern 17-16. No. 7 Nebraska (3-1) beat No. 16 Kansas State 39-3. No. 8 Miami (4-0) did not play. No. 9 Tennessee (3-1) beat Mississippi 41-3, Thursday. No. 10 Colorado (3-1) did not play. No. 11 Notre Dame (3-1) did not play. No. 12 Virginia (4-1) lost to Georgia Tech 13-7. No. 13 Alabama (5-0) beat Kentucky 35-7. No. 14 LSU (4-0) beat Vanderbilt 35-0. No. 15 North Carolina (4-1) beat Wake Forest 45-6. No. 16 Kansas State (4-1) lost to No. 7 Nebraska 39-3. No. 17 Southern Cal (3-2) lost to California 22-15. No. 18 Washington (3-1) beat Stanford 27-6. No. 19 West Virginia (5-0) beat Boston College 34-17. No. 20 Auburn (4-1) beat South Carolina 28-24. No. 21 Brigham Young (5-1) beat Utah State 45-17, Friday. No. 22 Northwestern (4-1) beat No. 6 Michigan 17-16. No. 23 Texas (3-2) beat Oklahoma State 71-14. No. 24 Utah (5-1) beat Texas-El Paso 34-27. No. 25 Wyoming (6-0) beat San Jose State 45-22.

Major College Scores

EAST
Army 39, Yale 13
Buffalo 41, Cornell 24
Canisius 42, Iona 0
Colgate 44, Brown 27
Columbia 42, Holy Cross 16
Dartmouth 20, Fordham 7
Delaware 50, Boston U. 16
Duquesne 28, Siena 26
Georgetown, D.C. 31, Marist 14
Lafayette 17, Harvard 7
Lehigh 20, Princeton 14
Monmouth, N.J. 28, Mercyhurst 14
Navy 64, Duke 27
Northeastern 27, Richmond 10
Penn 30, Bucknell 21
Pittsburgh 53, Temple 52
Rhode Island 41, Massachusetts 21
Syracuse 42, Rutgers 0
Towson St. 49, Cent. Connecticut St. 28
Villanova 38, Connecticut 27
West Virginia 34, Boston College 17

SOUTH
Ala.-Birmingham 24, W. Kentucky 0
Alabama 35, Kentucky 7
Auburn 28, South Carolina 24
Florida A&M 59, Hampton U. 58, 6OT
Florida St. 34, Clemson 3
Furman 45, W. Carolina 30
Georgia 38, Mississippi St. 19
Georgia Southern 20, VMI 17
Georgia Tech 13, Virginia 7
Houston 31, SW Louisiana 24
Jackson St. 31, Texas Southern 14
James Madison 31, Maine 7
LSU 35, Vanderbilt 0
Marshall 43, Tn.-Chattanooga 0
Memphis 18, Cincinnati 16
Morehead St. 30, Charleston Southern 27
N. Carolina St. 34, Maryland 8
North Carolina 45, Wake Forest 6
S. Carolina St. 27, Morgan St. 20
Southern U. 24, Miss. Valley St. 0
Tennessee St. 43, Lane 26
Tulane 35, Texas Christian 7
William & Mary 31, New Hampshire 7

MIDWEST
Dayton 42, Evansville 0
Drake 51, Butler 7
Illinois 46, Indiana 43, 2OT
Indiana St. 10, W. Illinois 7
Iowa 37, Michigan St. 30
Miami, Ohio 46, Cent. Michigan 14
Nebraska 39, Kansas St. 3
North Texas 24, N. Illinois 21
Northwestern 17, Michigan 16
Ohio St. 38, Penn St. 7
Ohio U. 7, E. Michigan 0
Purdue 30, Minnesota 27
SW Missouri St. 24, S. Illinois 17
Toledo 24, Bowling Green 16

SOUTHWEST
Arkansas St. 17, Cent. Arkansas 7
Florida 42, Arkansas 7
Kansas 52, Oklahoma 24
Missouri 27, Southern Meth. 26
Rice 38, New Mexico 21
Texas 71, Oklahoma St. 14
Texas A&M 63, Louisiana Tech 13
Texas Tech 45, Baylor 24
Utah 34, Texas-El Paso 27

FAR WEST
Arizona 34, Washington St. 26
Brigham Young 45, Utah St. 17
Arizona St. 56, Boise St. 7
California 22, Southern Cal 15
Colorado St. 28, Hawaii 16
E. Washington 20, Montana St. 13
Idaho 38, Cal Poly-SLO 33
Idaho St. 44, Sacramento St. 14
Montana 44, S. Utah 13
N. Arizona 59, Weber St. 45
Nevada 54, UNLV 17
St. Marys, Cal. 52, San Diego 3
UCLA 41, Oregon 22
Washington 27, Stanford 6
Wyoming 45, San Jose St. 22

CFL Standings

EASTERN DIVISION

	W	L	T	PF	PA	Pts
Toronto	12	2	0	437	277	24
Montreal	8	6	0	383	361	16
Hamilton	7	7	0	320	432	14
Ottawa	3	11	0	257	395	6

WESTERN DIVISION

	W	L	T	PF	PA	Pts
Calgary	11	4	0	500	278	22
Edmonton	9	6	0	367	267	18
Winnipeg	7	7	0	332	386	14
British Columbia	4	10	0	304	376	8
Saskatchewan	3	11	0	259	387	6

FRIDAY'S RESULT
Montreal 32, Edmonton 18

SATURDAY'S RESULTS
Toronto 28, Winnipeg 12
Calgary 31, Ottawa 24

HOCKEY

NHL Standings

EASTERN CONFERENCE
ATLANTIC DIVISION

	W	L	T	Pts	GF	GA
Florida	1	0	0	2	3	1
New Jersey	1	0	0	2	3	1
Tampa Bay	1	0	0	2	4	3
N.Y. Rangers	0	0	1	1	4	4
N.Y. Islanders	0	1	1	1	2	3
Philadelphia	0	1	0	0	1	3
Washington	0	1	0	0	2	5

NORTHEAST DIVISION

	W	L	T	Pts	GF	GA
Hartford	1	0	0	2	1	0
Boston	0	0	1	1	4	4
Montreal	0	0	1	1	3	3
Ottawa	0	0	1	1	3	3
Buffalo	0	1	0	0	3	4
Pittsburgh	0	1	0	0	3	4

WESTERN CONFERENCE
CENTRAL DIVISION

	W	L	T	Pts	GF	GA
Chicago	1	0	0	2	5	2
Dallas	1	0	0	2	4	1
St. Louis	1	0	0	2	4	2
Toronto	1	0	0	2	4	1
Detroit	0	1	0	0	1	3
Phoenix	0	1	0	0	0	1

PACIFIC DIVISION

	W	L	T	Pts	GF	GA
Edmonton	1	0	0	2	4	3
Los Angeles	1	0	0	2	1	0
Vancouver	1	0	0	2	3	1
San Jose	0	0	1	1	2	2
Anaheim	0	1	0	0	1	4
Calgary	0	1	0	0	1	3
Colorado	0	2	0	0	3	8

FRIDAY'S RESULTS

Colorado 0 2 0—2
St. Louis 2 1 1—4
First Period: S.L.-Leach 1 (Pronger, MacTavish) 2, S.L.-Pronger 1 (Campbell, MacInnis) (pp). Second Period: C-Young 1 (Sakic, Ozolinsh) (pp). 4, S.L.-Campbell 1 (Matteau, York) 5, C-, Lacroix 1 (Krupp, Yelle) Third Period: S.L.-Courtnall 1 (Courtnall, MacInnis) Shots on goal: C- 12-13-12—37. S.L.- 12-13-4—29. Goalies: C-Roy. S.L.-Fuhr.

Buffalo 0 2 1—3
Edmonton 1 2 1—4
First Period: E-Smyth 1 (Weight) Second Period: E-Satan 1 (Marchant, McGillis) (pp). 3, B-LaFontaine 1 (May, Burridge) (pp). 4, B-Galley 1 (Smehlik, LaFontaine) (pp). 5, E-Murray 1 (Marchant, Richardson) Third Period: E-McAmmond 1 (Kovalenko, Arnott) 7, B-Brown 1 (Plante, Grosek) Shots on goal: B- 1-10-8—19. E- 7-9-6—22. Goalies: B-Hasek. E-Joseph.

N.Y. Islanders 0 0 0—0
Los Angeles 0 1 0—1
First Period: None. Second Period: L.A.-Olczyk 1 (Norstrom, Blake) (pp). Third Period: None. Shots on goal: New York 5-11-10—26. L.A.- 14-16-9—39. Goalies: New York, Fichaud, Salo. L.A.-Fiset.

SATURDAY'S RESULTS

NY Rangers 1 1 2 0—4
Boston 1 3 0 0—4
First Period: New York, Samuelsson 1 (Karpovtsev, Kovalev) 2, B-Tocchet 1 (Ellik, B.Richter) (pp). Second Period: B-Heinze 1, (sh). 4, New York, Graves 1 (Messier) (sh). 5, B-Heinze 2 (Stumpel). 6, B-Stumpel 1 (Sweeney) Third Period: New York, Robitaille 1 (Messier) 2:59. 8, New York, Graves 2 (Robitaille, Messier) Overtime: None. Shots on goal: New York 7-8-7-3—25. B- 12-8-8-2—30. Goalies: New York, Richter. B-Ranford.

Phoenix 0 0 0—0
Hartford 0 1 0—1
First Period: None. Second Period: Hartford, Godynyuk 1 (Cassels). Third Period: None. Shots on goal: Phoenix 9-12-9—30. H- 10-5-8—23. Goalies: Phoenix, Khabibulin. H-Burke.

Tampa Bay 0 1 2 1—4
Pittsburgh 1 1 1 0—3
First Period: Pittsburgh, Murray 1 (Quinn, Roche) Second Period: Pittsburgh, Sandstrom 1 (Lemieux, Daigneault). 3, T-Zamuner 1 (Ciccarelli, Bradley). Third Period: Tampa Bay, Cullen 1 (Burr, Hamrlik) 5, T-Ciccarelli 1 (Zamuner, Houlder) 6, P-, Lemieux 1 (Hatcher, Nedved) Overtime: 7, T-Burr 1 (Cullen) Shots on goal: Tampa Bay 19-15-8-1—43. Pittsburgh 6-10-7-1—24. Goalies: T-Puppa. P-Barrasso.

Ottawa 1 1 1 0—3
Montreal 1 1 1 0—3
First Period: M-Recchi 1 (Brisebois, Koivu) (pp). 2, O-Dackell 1 (Lambert, York) Second Period: M-Damphousse 1 (Rucinsky, Malakhov) 4, O-Redden 1 (Alfredsson, McEachern) (pp). Third Period: M-Richer 1 (Damphousse, Rucinsky) (pp). 6, O-Yashin 1 (McEachern, Duchesne). Overtime: None. Shots on goal: O- 6-7-11-1—25. M- 10-11-14-1—35. Goalies: O-Rhodes. M-Thibault.

Detroit 0 0 1—1
New Jersey 0 2 1—3
First Period: None. Second Period: New Jersey, Rolston 1 (Brylin) (sh). 2, N.J.-Thomas 1. Third Period— 3, D-Fedorov 1 (Yzerman, Lapointe) 4, N.J.-Guerin 1 (Niedermayer) Shots on goal: D- 6-10-9—25. N.J.- 6-14-9—29. Goalies: D-Osgood. N.J.-Brodeur.

Florida 1 1 1—3
Philadelphia 1 0 0—1
First period—1, F-Smyth 1 (Jovanovski, Lindsay) 2, P-Zubrus 1 (Podein, Therien) Second period—3, F-Mellanby 1 (Lindsay, Skrudland) Third period—4, F-Garpenlov 1, (en). Shots on goal: F- 8-5-7—20. P- 10-11-11—32. Goalies: F-Vanbiesbrouck. P-Hextall.

Chicago 0 3 2—5
Washington 0 1 1—2
First Period: None. Second Period: Chicago, Krivokrasov 1 (Suter, Savard) (pp). 2, W-Zednick 1, 3, C-Weinrich 1 (Amonte, Craven) 4, C-Black 1, Third Period: Washington, Jones 1 (Miller, Hunter) 6, C-Moreau 1 (Carney) 7, C-Savard 1, Shots on goal: C- 5-13-9—27. W- 7-6-10—23. Goalies: C-Belfour. W-Carey.

Anaheim 1 0 0—1
Toronto 2 0 2—4
First Period: A-Kurri 1 (Selanne, Olausson) 4:50 (pp). 2, T-Craig 1, 3, T-Ellett 1 (Muller, Clark) Second Period: None. Third Period: T-Muller 1 (Schneider, Murphy) (pp). 5, T-Clark 1 (Sundin, Schneider) Shots on goal: A- 10-11-9—30. T- 9-6-9—24. Goalies: A-Hebert. T-Potvin.

Colorado 0 1 0—1
Dallas 0 0 4—4
First Period: None. Second Period: Colorado, Sakic 1 (Ozolinsh, Forsberg) (pp). Third Period: D- Ludwig 1 (Nieuwendyk, Zubov) 3, D-Verbeek 1 (Nieuwendyk) 4, Adams 1 (Modano, Lehtinen) (pp). 5, Adams 2 (Modano) Shots on goal: C- 8-12-9—29. D- 9-5-11—25. Goalies: C-Roy, D-Moog.

Calgary 1 0 0—1
Vancouver 2 1 0—3
First Period: Vancouver, Mogilny 1 (Linden) 2, C- Iginla 1 (Millen, Stillman). 3, V-Tikkanen 1 (Courtnall, Hedican) (pp). Second Period: None. Third Period: Naslund 1 (Bure) Shots on goal: C- 11-7-11—29. V- 9-7-7—23. Goalies: C-Kidd. V-McLean.

NY Islanders 1 1 0 0—2
San Jose 0 1 1 0—2
First Period: New York, Plante 1 (Anderson, Kasparaitis) (sh). Second Period: San Jose, Friesen 1 (Nolan, Nicholls) (pp). 3, NY, King 1 (Berard, Palffy) Third Period: S.J.-Nicholls 1 (Nolan, Iafrate) 19:44. Overtime: None. Shots on goal: New York 10-12-8-2—32. S.J.- 3-8-10-2—23. Goalies: New York, Salo. S.J.-Terreri.

SOCCER

FRENCH FIRST DIVISION
Paris SG 2, Le Havre 0
Montpellier 3, Bastia 1
Caen 0, Bordeaux 0
Cannes 1, Auxerre 1
Guingamp 1, Lyon 0
Lens 2, Metz 2
Monaco 3, Rennes 1
Nancy 2, Lille 2
Nantes 7, Nice 0
Strasbourg vs. Marseille

STANDINGS: Paris SG 25 points; Monaco 19; Bastia 19; Bordeaux 18; Auxerre 18; Metz 18; Lyon 17; Marseille 16; Guingamp 16; Cannes 16; Lille 16; Rennes 15; Lens 15; Strasbourg 13; Montpellier 11; Le Havre 9; Nantes 8; Nice 8; Caen 5; Nancy 4.

GERMAN BUNDESLIGA
Borussia Dortmund 2, VfL Bochum 1
VfB Stuttgart 4, SC Freiburg 2
Bayer Leverkusen 4, Hansa Rostock 1
FC St. Pauli 3, Fortuna Duesseldorf 0
Borussia Moenchengladbach 1, 1860 Munich 0
Karlsruher SC 1, Schalke 04 0
Arminia Bielefeld 3, Werder Bremen 1
Bayern Munich 2, Hamburger SV 1
MSV Duisburg 3, FC Cologne 0

STANDINGS: VfB Stuttgart 22 points; Bayer Leverkusen 21; Bayern Munich 20; Karlsruhe 16; Borussia Dortmund 16; Cologne 16; Bochum 15; Werder Bremen 13; Fortuna Duesseldorf 13; Borussia Moenchengladbach 11; Hamburg 10; 1860 Munich 10; Schalke 10; Hansa Rostock 8; Duisburg 8; St Pauli 8; Arminia Bielefeld 6; Freiburg 6.

WORLD CUP QUALIFYING
EUROPE
Italy 3, Moldova 1
Estonia 1, Belarus 0
Scotland 2, Latvia 0
Netherlands 3, Wales 1
Lithuania 2, Iceland 0
Northern Ireland 1, Armenia 1
Ukraine 2, Portugal 1
Yugoslavia 8, Faeroe Islands 1
Switzerland 3, Finland 2

AFRICAN NATIONS CUP QUALIFYING
Malawi 2, Mauritius 1
Senegal 2, Ethiopia 1

TENNIS

SINGAPORE OPEN
SEMIFINALS
Michael Chang (1), United States, def. Greg Rusedski, Great Britain 7-6 (7-5), 6-3; Jonathan Stark, United States, def. Thomas Johansson, Sweden, 3-6, 6-2, 6-4.
FINAL
Stark def. Chang (1), 6-4, 6-4.

MARSELLA OPEN
SEMIFINALS
Alex Corretja (4), Spain, def. Bernd Karbacher, Germany, 6-4, 6-4; Marc Kevin Goellner, Germany, def. Felix Mantilla (2), Spain, 7-5, 3-6, 6-3.
FINAL
Goellner def. Corretja (4), 7-6 (7-4), 7-6 (7-2).

LYON GRAND PRIX
QUARTERFINALS
Arnaud Boetsch, France, def. Lionel Roux, France, 6-3, 6-1; Thomas Enqvist (5), Sweden, def. Marcelo Rios (4), Chile, 6-3, 2-6, 7-5.
SEMIFINALS
Yevgeny Kafelnikov (2), Russia, def. Tim Henman, Britain, 6-1, 6-3; Boetsch def. Enqvist (5), 4-6, 6-4, 6-0.
FINAL
Kafelnikov (2) def. Boetsch, 7-5, 6-3.

LEIPZIG OPEN
SEMIFINALS
Anke Huber (4), Germany, def. Steffi Graf, Germany, walkover; Iva Majoli (3), Croatia, def. Helena Sukova, Czech Republic, 7-6, 6-4.
FINAL
Huber (4) def. Majoli (3), 5-7, 6-3, 6-1.

GOLF

German Masters

Leading final scores Sunday from the $1 million German Masters on the 6,848-yard, par-72 Motzener See Golf Club course:

D. Clarke, N.Ireland	70-64-67-63—264
Mark Davis, England	69-67-67-62—265
P.Broadhurst, England	71-64-65-66—266
C.Montgom., Scotland	70-67-65-65—267
P. McGinley, Ireland	66-67-70-65—268
Ernie Els, South Africa	68-67-68-65—268
Peter Baker, England	66-70-64-68—268
Paul Eales, England	67-67-67-68—269
P. Harrington, Ireland	68-67-66-68—269
T. Bjorn, Denmark	71-66-69-63—269
P. Mitchell, England	71-67-64-67—269
T. Goegele, Germany	67-75-64-64—270

RUGBY

RUGBY UNION
SATURDAY, IN ROME
Wales 31, Italy 22

CURRIE CUP
SATURDAY, IN SOUTH AFRICA
FINAL ROUND
N. Transvaal 147, South Western Districts 8
Free State 54, Northern Free State 17
East. Province 34, Western Transvaal 25
Western Province 30, Griquas 16
Transvaal 30, Boland 24
Natal 54, Border 18

RUGBY LEAGUE
SATURDAY, IN WELLINGTON
New Zealand 62, Papua New Guinea 8
SATURDAY, IN NADI
Britain 72, Fiji 4
SUNDAY, IN PORT MORESBY
Australia 52, Papua New Guinea 6

CRICKET

KENYAN CENTENARY TOURNAMENT
FINAL
PAKISTAN VS. SOUTH AFRICA
SUNDAY, IN NAIROBI
Pakistan innings: 203 all out, 46.2 overs
S. Africa innings: 204-3, 39.2 overs.
Sout Africa beat Pakistan by 7 wickets.

TRANSITIONS

BASEBALL
AMERICAN LEAGUE

DETROIT—Claimed LHP Glenn Dishman off waivers from Philadelphia.

KANSAS CITY—Released LHP Mike Magnante. Activated RHP Kris Ralston from 60-day disabled list.

OAKLAND—Claimed RHP Dane Johnson off waivers from Toronto.

NATIONAL LEAGUE

CINCINNATI—Claimed OF Glenn Murray off waivers from Philadelphia.

COLORADO—Activated LHP Lance Painter from 15-day disabled list. Sent LHP Mike Farmer and C Jorge Brito outright to Colorado Springs, PCL.

FLORIDA—Named Jim Leyland manager and signed him to 5-year contract.

HOUSTON—Fired Terry Collins manager. Named Larry Dierker manager and signed him to 2-year contract.

SAN FRANCISCO—Purchased contract of 2B Robby Thompson, making him free agent. Named Ron Perranoski bench coach and pitching consultant. Named Gene Clines hitting coach and outfield instructor. Named Sonny Jackson third-base coach, infield and base-running instructor.

BASKETBALL
NATIONAL BASKETBALL ASSOCIATION

CLEVELAND—Waived F Al Hamilton and F Ion Lockhart.

FOOTBALL
NATIONAL FOOTBALL LEAGUE

NFL—Suspended New Orleans Saints DE Darren Mickell for four games for violating NFL's substance abuse policy.

INDIANAPOLIS—Released DE Freddie Joe Nunn. Signed LB Phil Yeboah-Kodie.

NEW ORLEANS—Suspended RB Ray Zellars from Sunday's game against Jacksonville for conduct detrimental to club. Added LB Don Davis to active roster.

THE WEEK AHEAD

MONDAY, OCT. 7

TENNIS, Vienna, Austria — ATP Tour, CA Tennis Trophy, through Oct. 30; Tokyo, Japan — ATP Tour, Seiko Super Tennis, through Oct. 30; Filderstadt, Germany — WTA Tour, Porsche Grand Prix, through Oct. 30; Surabaya, Indonesia — WTA Tour, Wismilak Open, through Oct. 30.

TUESDAY, OCT. 8

SOCCER, Various sites — Europe World Cup qualifying, Bosnia vs. Croatia, Denmark vs. Greece, Luxembourg vs. Bulgaria.

TENNIS, London — 1997 Davis Cup draw.

BASEBALL, American major league championship series begin.

WEDNESDAY, OCT. 9

SOCCER, Various sites — Europe World Cup qualifying, England vs. Poland, Italy vs. Georgia, Norway vs. Hungary, Israel vs. Russia, Czech Republic vs. Spain, Iceland vs. Romania, Ireland vs. Macedonia, Lithuania vs. Liechtenstein, Albania vs. Portugal, Armenia vs. Germany, San Marino vs. Belgium, Sweden vs. Austria, Estonia vs. Scotland, Belarus vs. Latvia; Various sites — CONMEBOL World Cup qualifying, Venezuela vs. Argentina, Uruguay vs. Bolivia, Ecuador vs. Colombia, Paraguay vs. Chile.

CYCLING, Lugano, Switzerland — World Road Championships, through Oct. 13.

OLYMPICS, Lausanne, Switzerland — IOC executive board meetings.

THURSDAY, OCT. 10

SOCCER, Edmonton, Alberta — CONCACAF World Cup Qualifying semifinals, Canada vs. Cuba.

GOLF, St. Andrews, Scotland — PGA European Tour, Dunhill Cup, through Oct. 13; Susono, Japan — Japan PGA Tour, Golf Digest, through Oct. 13; San Antonio — U.S. PGA Tour, LaCantera Texas Open, through Oct. 13; Reading, Pennsylvania — U.S. LPGA, Betsy King LPGA Classic, through Oct. 13.

TENNIS, Augsburg, Germany — Senior Tour event, through Oct. 13.

CRICKET, New Delhi, India — India vs. South Africa, one-off test, through Oct. 14.

RUGBY LEAGUE, Wellington — Lion Red Cup XIII vs. Britain.

FRIDAY, OCT. 11

GOLF, Napa, California — U.S. Senior PGA Tour, Transamerica Championship, through Oct. 13; Ichihara, Japan — Japan LPGA, Fujitsu Ladies, through Oct. 13.

RUGBY LEAGUE, Palmerston North — New Zealand vs. Britain, test match.

SATURDAY, OCT. 12

ATHLETICS, San Sebastian, Spain — San Sebastian Marathon.

AUTO RACING, Suzuka, Japan — Formula One, Japanese Grand Prix, qualifying; San Remo, Italy — World Championship Rally, San Remo Rally, through Oct. 16.

RUGBY UNION, Various sites — European Cup, Pontypridd (Wales) vs. Treviso (Italy), Bath (England) vs. Edinburgh (Scotland), Llanelli (Wales) vs. Leinster (Ireland), Pau (France) vs. Scottish Borders (Scotland), Brive (France) vs. Neath (Wales), Munster (Ireland) vs. Milan (Italy).

SUNDAY, OCT. 13

AUTO RACING, Suzuka, Japan — Formula One, Japanese Grand Prix.

SOCCER, Various sites — CONCACAF World Cup Qualifying semifinals, Cuba vs. Canada, St. Vincent and the Grenadines vs. Honduras.

RUGBY LEAGUE, Brisbane, Australia — Australia vs. Britain, second test match.

RUGBY UNION, Various sites — Caledonia (Scotland) vs. Ulster (Northern Ireland), Wasps (England) vs. Cardiff (Wales).

CRICKET, Multan, Pakistan — Pakistan vs. Zimbabwe, one-day.

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SPORTS

Stage Is Set for Pennant Battles

Yanks to Face Orioles as Braves Take On Cardinals

By Jack Curry
New York Times Service

ARLINGTON, Texas — Cecil Fielder swung mightily and missed badly on Roger Pavlik's first high fastball during a tense seventh inning, causing the 50,066 fans to squeal and hope. They wanted to believe that Pavlik could win the skirmish with Fielder, that the Rangers could still beat the Yankees and that the baseball season in Texas could survive for at least another day.

What series were they watching? Fielder righted himself for Pavlik's 2-2 offering, scorched it into left field to score Tim Raines from third with the go-ahead run that broke a 4-4 tie Saturday and catapulted the Yankees to a 6-4 victory in Game 4 of the division series and a berth in the American League Championship Series against the Orioles starting Tuesday. The Yankees won the three-of-five-game series, 3-1, with three straight comeback victories, so call them the cardiac Yankees. If this nifty practice continues, that moniker might switch to the World Series champion Yankees.

After Fielder's critical single, he raised his arms in the air a la Rocky Balboa and smiled broadly as he chugged to first base. The Yankees had done it again. They had trailed the Rangers, 4-0, after Kenny Rogers's short and abysmal start, but David Weathers led another bullpen brigade, Bernie Williams slugged two massive homers and scored three times and the Yankees refused to crumble at the dreaded Ballpark in Arlington. Not one of the victories looked easy, but that did not matter. There are no runs for appearance.

Weathers, who was banished to Class AAA Columbus in August when he failed New York as a starter, provided a major boost by tossing three scoreless innings so the Yankees could surge back, and then give the ball to the dynamic duo of Mariano Rivera and John Wetteland. That combination worked again for the Yankees.

Playoff Roundup

Orioles 4, Indians 3 Roberto Alomar's game-tying RBI single with two outs and two strikes in the top of the ninth inning and his decisive home run leading off the 12th put the Orioles into the AL Championship Series with a memorable and exhausting 4-3 triumph over the Indians before 44,280 at Jacobs Field, Mark Maske of The Washington Post reported from Cleveland.

It took 4 hours, 41 minutes and 23 strikeouts by Orioles hitters — a record for a postseason game — to complete. There were Little League-caliber plays made by each team. But oh, was there drama.

And when all of the plot twists finally had been completed, the Orioles were celebrating a three-games-to-one triumph over the 1995 AL champions and baseball's best regular-season club this year. The Orioles became the first wild-card team to win a postseason series and will face the Yankees starting Tuesday at Yankee Stadium.

"We were down to our last strike," shortstop Cal Ripken said of Alomar's ninth-inning hit off closer Jose Mesa. Alomar has been vilified nationally since he spit in the face of umpire John Hirschbeck eight days ago in Toronto.

It took an injunction from a federal judge to keep the umpires from going on strike after the AL president, Gene Budig, refused to enforce Alomar's five-game suspension during the playoffs. Alomar was booed mercilessly here this weekend.

The all-star second baseman slapped a low-and-away pitch from Mesa, a former Oriole, on a 1-2 count over shortstop Omar Vizquel to score pinch runner Manny Alexander from second base to tie the score at 3 in the ninth. And he began the 12th against Mesa with a shot over the fence in right-center.

Cardinals 7, Padres 5 Right fielder Brian Jordan, whose diving catch preserved a 5-5 tie in the eighth inning, hammered a two-run homer off relief ace Trevor Hoffman in the ninth to give St. Louis a three-game sweep in their National League division series, Ross Newhan of the Los Angeles Times reported from San Diego.

The Padres went out with the bang of two home runs by Ken Caminiti and an 11-hit attack that ended only when Dennis Eckersley, who saved all three wins, got Steve Finley to fly out with a runner on second and Caminiti on deck.

The next stop for the Central champion Cardinals, last in their division a year ago, is Atlanta, where they open the National League championship series Wednesday.

"The amazing thing about all this is how quickly it ends," said Tony Gwynn of the Padres, who had waited 12 years to return to the playoffs. "That's hard to swallow right now, but we gave it a run, we didn't roll over."

The Padres built a 4-1 lead for Andy Ashby but could not hold it.

Braves 5, Dodgers 2 The Dodgers, who proclaimed last spring that they would not tolerate anything less than a World Series appearance, instead headed home, eliminated in three games of the National League division best-of-five playoff series, Bob Nightengale of the Los Angeles Times reported from Atlanta. It was the first time in franchise history that they were swept for a second straight year in the playoffs.

"It's painfully obvious that this team has some shortcomings," the Dodgers' catcher Mike Piazza said, "and it was exploited these last three games."

The Braves' pitching staff limited the Dodgers to just five runs (two earned) and a .147 batting average. Most embarrassing, the Dodgers had more strikeouts (29) than total bases (21). Dodger third baseman Tim Wallach and first baseman Eric Karros went hitless in 20 at-bats.

The Braves blew the game open by scoring four runs with two out in the fourth inning against Hideo Nomo, capped by Chipper Jones's two-run homer. Nomo, who was hammered in the final game of last year's playoff series, again provided little resistance. He yielded five hits, five walks and five runs in just 3 innings, his shortest outing since Aug. 25, 1995.

The Braves, staked to a 5-0 lead, did not start to squirm until the eighth. The Dodgers knocked Tom Glavine out of the game with Juan Castro's two-out, run-scoring double in the seventh, and then took advantage of the Braves' vulnerable middle relief corps in the eighth.

Wayne Kirby led off with a walk. Rookie Todd Hollandsworth followed with a flair to right that dropped in for a double, advancing Kirby to third, and bringing Mike Piazza to the plate.

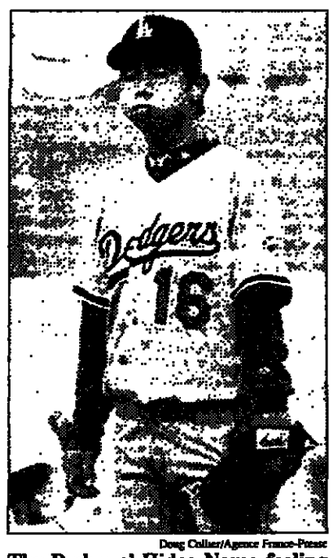
Atlanta's manager, Bobby Cox, summoned reliever Mike Bielecki, and then swallowed hard when Piazza hit a long fly ball headed toward the right-field corner. Rookie outfielder Jermaine Dye, the hero in Game 2, made an outstanding running catch against the wall in foul territory. Kirby scored from third on the sacrifice fly, cutting the deficit to 5-2.

Bielecki then walked Karros, bringing Mondesi to the plate representing the tying run. Bielecki struck out Mondesi on a low fastball.

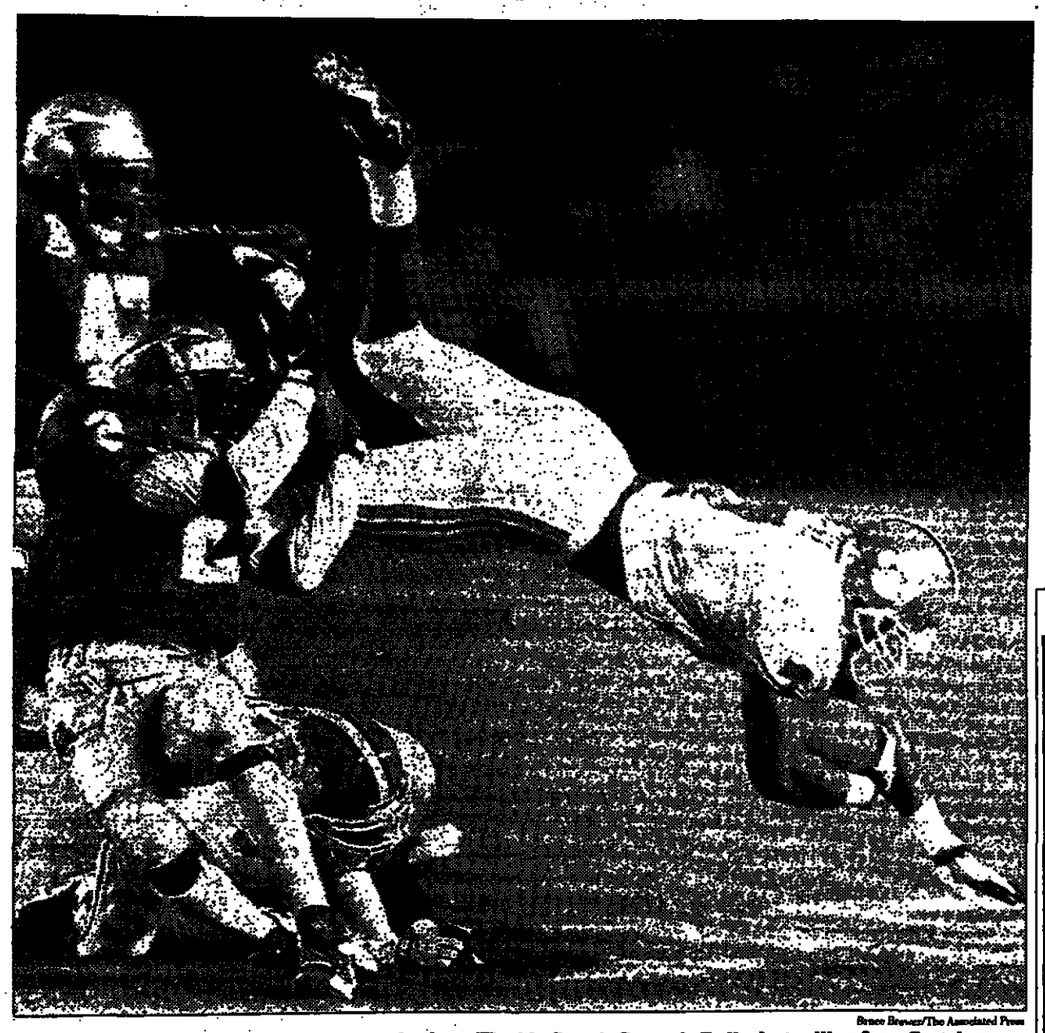
Wallach stepped to the plate, and Cox sent in Mark Wohlers. "I was looking for a fastball," Wallach said, and he got one. He swung and just missed hitting the ball squarely, instead sending the ball high into shallow left field for the third out. The Braves will host the St. Louis Cardinals starting Wednesday.



Eric Gay/The Associated Press
The Yankees' Jim Leyritz, center, rushing to the mound to celebrate New York's victory over Texas in Game 4.



Doug Collier/Agence France-Presse
The Dodgers' Hideo Nomo feeling the heat as the Braves poured it on.



Bruce Brewer/The Associated Press
Clemson's Tony Horne getting the heave-ho from Florida State's Samarie Rolle, but sailing for a first down.

Northwestern Ambushes Michigan

By Clifton Brown
New York Times Service

EVANSTON, Illinois — It was a remarkable comeback, and for Northwestern, it was another special victory.

Scoring 17 unanswered points in the fourth quarter, Northwestern stormed back to stun Michigan, 17-16, Saturday before a jubilant capacity crowd of 48,187 at Dyche Stadium. The victory kept Rose Bowl possibilities alive for No. 22 Northwestern (4-1), the defending Big Ten champion. The No. 6 Wolverines (4-1) suffered their first loss of the season.

Brian Gowins made the game-winning, 39-yard field goal with 13 seconds left to play.

The Wildcats appeared to be beaten when the fourth quarter began, trailing by 16-0 against a team that had controlled play from the opening kickoff. But once Northwestern scored its first touchdown with 13 minutes left, the tide turned quickly and decisively.

Steve Schnur, Northwestern's quarterback, engineered the final drive, moving the Wildcats 58 yards on 12 plays in just 1 minute, 40 seconds. Trailing by 16-14, Northwestern forced Michigan to punt and got the ball back at its own 20-yard line with 1:43 left to play. Schnur completed six passes during the decisive drive, the last one to D'Wayne Bates, who scampered out of bounds at the Michigan 22-yard line, setting up Gowins's winning field goal.

In other games reported by The Associated Press and The New York Times:

No. 1 Florida 42, Arkansas 7 Danny Wuerffel threw for a school-record 462 yards and four touchdowns, including three to Reidel Anthony, for the visiting Gators.

No. 2 Florida State 34, Clemson 3 Thad Busby passed for 304 yards and four TDs, including two to Ernie Green. Busby threw scoring passes of 37, 60 and 23 yards in the first half, and also had completions of 50 and 42 yards.

No. 3 Ohio State 38, No. 4 Penn State 7 Stanley Jackson turned Ohio State's matchup with Penn State into a mismatch, throwing two touchdown passes in a 24-point first half that propelled the Buckeyes to victory.

No. 5 Arizona State 56, Boise State 7 In Tempe, Arizona, Jake Plummer threw for 203 yards and two touchdowns, and Terry Battle had two of Arizona State's four rushing scores.

No. 7 Nebraska 39, No. 16 Kansas State 3 DeAngelo Evans rushed for 168 yards and two touchdowns as visiting

College Football Roundup

Nebraska beat Kansas State for the 28th straight time.

Georgia Tech 13, No. 12 Virginia 7 C. J. Williams scored on a 3-yard run and set up a field goal with a 50-yard dash as host Georgia Tech snapped Virginia's five-game winning streak.

No. 13 Alabama 35, Kentucky 7 At Tuscaloosa, Dennis Riddle tied an Alabama record with four touchdowns, scoring on runs of 1, 2 and 6 yards and catching a 35-yard scoring pass from Freddie Kitchens.

No. 14 LSU 35, Vanderbilt 0 Kevin Faulk and Rondell Mealey each scored twice as host LSU won its seventh straight, the Tigers' longest winning streak since 1973. Faulk gained 114 yards on 19 carries.

No. 15 North Carolina 45, Wake Forest 6 In Winston-Salem, Leon Johnson became North Carolina's career scoring leader with TDs on a 5-yard run and a 94-yard kickoff return.

California 22, No. 17 Southern Cal 15 In Los Angeles, Brandon Willis rushed for 150 yards and caught five passes for 79 yards as California beat Southern Cal at the Coliseum for the first time since 1970.

No. 18 Washington 27, Stanford 6 Host Washington took control with two TDs early in the fourth quarter. Brock Huard threw a 15-yard pass to Jerome Pathon for the go-ahead score.

No. 23 Texas 71, Oklahoma St. 14 In Austin, Ricky Williams ran for 156 yards and three scores as the Longhorns broke a two-game losing streak. Texas finished with 624 yards.

Colgate 44, Brown 27 Running back Anthony Caravetta ran for 153 yards on 27 carries and scored three touchdowns to lead the host Red Raiders. Colgate capitalized on six offensive turnovers. Three of Brown quarterback Jason McCullough's intercepted passes resulted in Colgate touchdowns. McCullough completed 32 passes for 367 yards, setting two new Brown records.

Lafayette 17, Harvard 7 Lafayette built a 14-0 halftime lead and never looked back. The visiting Leopards' first points came with 2 minutes left in the first quarter, when Shawn McHale found Todd Stahlnecker alone on a play-action pass on the right side of the field for the score.

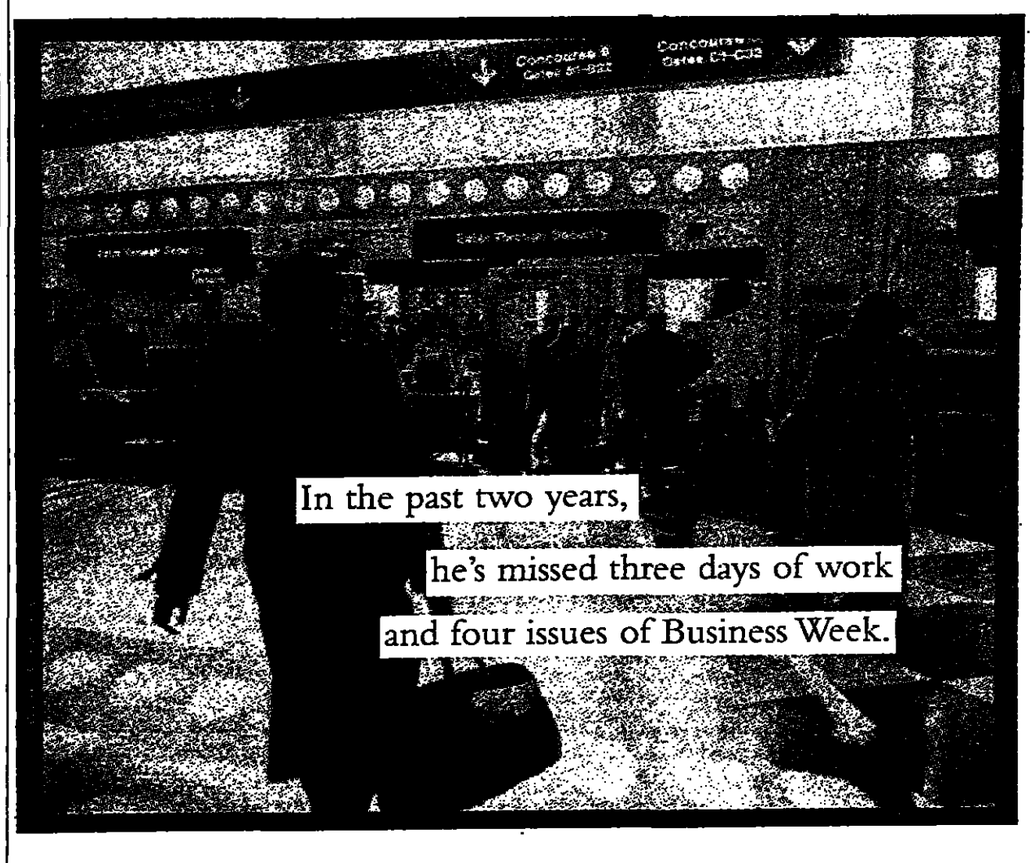
Buffalo 41, Cornell 24 The Bulls' quarterback, Erik Rusin, connected with receiver Kali Watkins on touchdown strikes of 69 and 35 yards in the second half to provide his team with a 31-22 lead. The visiting Big Red cut the deficit to 7 points on a safety with 7 minutes, 47 seconds left in the game, but could not score on two subsequent drives.

Penn 30, Bucknell 21 Relying on its special-teams all game, Penn defeated host Bucknell in overtime after Roger Beckwith blocked a field goal. Chris Parsons returned the ball 75 yards for the touchdown and the final score.

Lehigh 20, Princeton 14 Making his first career start, junior Seka Edwards threw four interceptions but had two touchdown passes to lead Lehigh to the road victory.

Columbia 42, Holy Cross 16 Marcellus Wiley and Jason Bivens produced five rushing touchdowns for visiting Columbia, which remained unbeaten.

Army 39, Yale 13 Army scored four touchdowns in the second half. The Cadets (4-0), off to their best start in 11 years, outgained Yale in total yards, 430-82.



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WORLD ROUNDUP



Laurent Rebours/The Associated Press
Olivier Peslier claiming victory 200 meters from the finish line.

Helissio Handily Captures Prix de l'Arc de Triomphe

HORSE RACING Helissio led nearly wire-to-wire as he easily won Europe's most prestigious horse race, the Prix de l'Arc de Triomphe, on Sunday.

Helissio won by nearly five lengths and was so far in front that his jockey, Olivier Peslier, raised his arms in triumph nearly 200 meters from the finish line of the 2,400-meter (1.5 mile) race. Helessio's time was 2 minutes, 29.9 seconds. The horse is owned by Enrique Sarasola of Spain and trained by Elie Lellouche of France.

Helissio quickly sprinted clear of the 15-strong field and could have won by more had Peslier not eased down in the closing meters. It was still the biggest winning distance in the race since 1965, when Sea-Bird won by six lengths.

In second place came Pilsudski, the mount of Walter Swinburn, just clear of the fast-finishing Irish raider, Oscar Schindler, ridden by an American, Cash Asmussen.

Peslier, 22, said: "I never had a moment's doubt. It was like a morning workout. I just gave him one flick and that was it."

• Cigar made a noble but losing farewell to racing in New York on Saturday, when he was beaten by a head by Skip Away in the $1 million Jockey Club Gold Cup.

It was only the second time in his last 19 races that the 6-year-old horse had been outrun, but it also was the second time in his last three starts. *(AP, Reuters, NYT)*

Yugoslavia Takes Lead

SOCCER Yugoslavia took a clear lead in the tough World Cup qualifier Group 6, which includes Spain and Czech Republic, defeating Faeroe Islands, 8-1, on Sunday. Vladimir Jugovic of the Italian club Juventus opened the scoring in the 7th minute and scored twice more in the 37th and 45th minutes. Goran Djorovic had two goals. *(AP)*

For Saturday's World Cup qualifier games, see Page 18.

Montgomerie and Clarke Have Reason to Smile

GOLF Colin Montgomerie sealed his fourth straight year as Europe's No. 1 money winner Sunday, overshadowing Darren Clarke's narrow one-stroke victory at the German Masters.

Montgomerie picked up $49,000 for finishing fourth at the tournament, raising his total to an insurmountable $1.01 million and wrapping up the Order-of-Merit with one tournament left.

Clarke, from Northern Ireland, won his second title by finishing one stroke ahead of Mark Davis after firing a 63 to finish at 23-under 263. Many players blistered the Motzener See Golf Course for record-low scores. *(AP)*

Pack Stays on Track Over Clawless Bears

Seahawks Surprise the Dolphins

The Associated Press

Brett Favre and Antonio Freeman played pitch-and-catch Sunday, and the Green Bay Packers rolled to their most lopsided victory ever at Soldier Field against the Chicago Bears, 37-6.

Freeman came down with a 50-yard touchdown pass from Favre on the final play of the first half and made a fully extended grab over a Chicago defender.

NFL ROUNDUP

Kevin Miniefield, for a 35-yard score in the third quarter. Another Green Bay receiver, Don Beebe, returned a kickoff 90 yards for a touchdown.

Favre completed 18 of 27 passes for 246 yards and four touchdowns, giving him 20 in six games. Freeman made seven catches for 146 yards.

Favre threw an 18-yard touchdown pass to Robert Brooks and a 2-yard scoring toss to Keith Jackson with 35 seconds left in the first half. That play capped a 53-yard drive that took just a minute and a half, with Favre hitting Freeman three times for 42 yards.

The Packers, at 5-1, are off to their best start since 1978, while the Bears slipped to 2-4.

Patriots 46, Ravens 38 Drew Bledsoe threw for 310 yards and four touchdowns in New England's victory over host Baltimore.

After an unspectacular first half, Bledsoe was 7-for-7 for 104 yards and two touchdown passes on New England's first two possessions of the second half, enabling the Patriots (3-2) to turn a 20-14 halftime advantage into a 35-14 lead midway through the third period. Bledsoe had plenty of help from Baltimore's mistake-prone defensive backfield, which committed key penalties and blew coverages in allowing the game to get out of control.

Baltimore added two touchdowns late in the game to make the final score more respectable, but it wasn't nearly enough to overcome Bledsoe's show in the third period.

Vikings 14, Panthers 12 Cris Carter caught two short touchdown passes as Minnesota built a 14-0 lead before holding off visiting Carolina.

The Vikings (5-1) took a 14-9 lead into the fourth quarter, the first time they had an advantage entering the final period this season. They needed to stop the Panthers (3-2) twice from the 5-yard line to force John Kasay's field goal with 6:28 to play, and then needed Dewayne Washington's second interception of the game to stop the Panthers again with 3:08 remaining.

Although they were outscored in the fourth quarter for the first time this season, the Vikings forced six Carolina turnovers and maintained their first-place tie with Green Bay in the NFC Central.

Seahawks 22, Dolphins 15 John Friesz threw three touchdown passes for visiting Seattle, including an 80-yarder to Brian Blades with 2:03 remaining, to key a victory over stunned Miami. Friesz, starting for the first time this season after Seahawks' coach Dennis Erickson benched Rick Mirer, also threw touchdown passes of 65 and 51 yards to Joey Galloway as Seattle built a 14-3 lead.

Raiders 34, Jets 13 The struggling Raiders came alive against hapless New York, riding Jeff Hostetler's three touchdown passes to victory.

Oakland (2-4) won for only the second time in its last 12 games, while the Jets are off to their first 0-6 start ever. The host Jets also lost quarterback Neil O'Donnell for four to six weeks with a separated right shoulder.

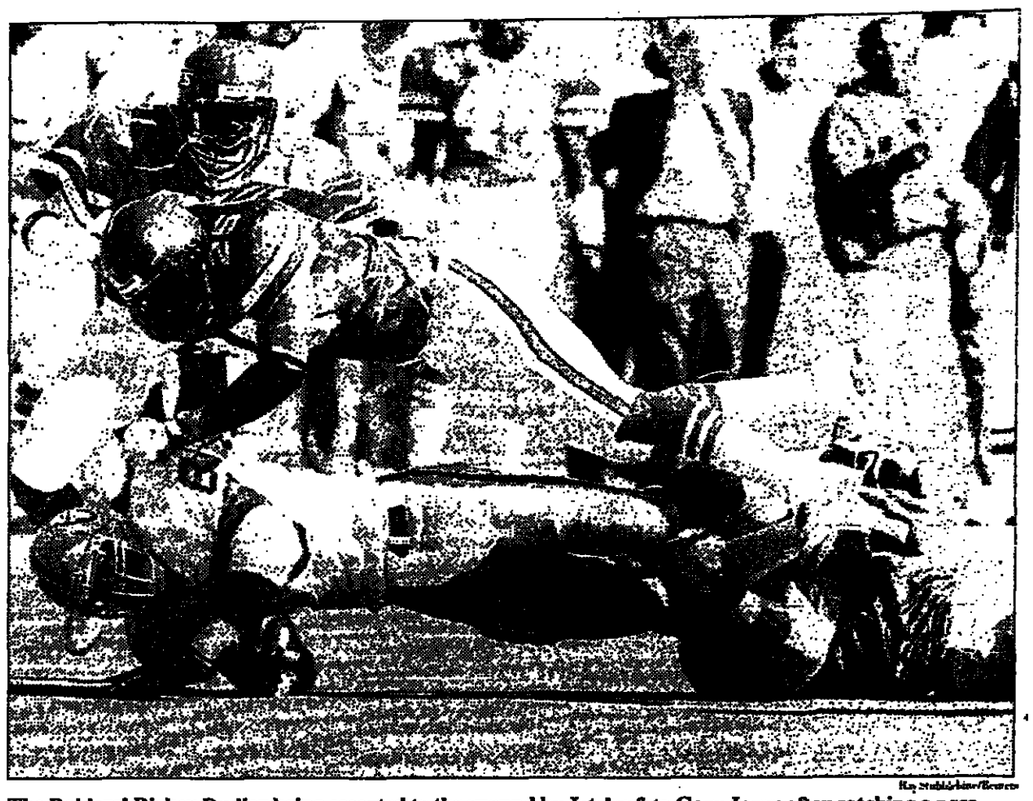
It was little solace for the Jets that Nick Lowery tied Jan Stenerud's NFL record for career field goals with 373. Lowery, a 17-year veteran, made a 24-yarder in the third quarter to equal the record.

Lions 28, Falcons 24 Scott Mitchell ran for one touchdown and passed for three more, staking host Detroit to a 28-0 halftime lead. Still, the Lions needed to hold off winless Atlanta.

Jamal Anderson brought the Falcons back with three touchdowns — on runs of 9, 5 and 14 yards — and Morten Andersen's 47-yard field goal with 5:57 left in the game had the 58,666 fans booing the home team.

Mitchell, who completed 20 of 37 passes for 276 yards without an interception, finally got the Lions' offense back on track. Mixing passes to Johnnie Morton and Herman Moore with runs by Barry Sanders, the Lions drove from their own 2 to the Atlanta 1. From there, Mitchell dropped to his knee three times, and time ran out.

Bobby Hebert, making his second start in place of suspended Jeff George, completed 18 of 36 passes for 180 yards for Atlanta.



Ray Stubblebine/Reuters
The Raiders' Rickey Dudley being escorted to the ground by Jets' safety Gary Jones after catching a pass.

Chang Is Outpaced in Straight Sets

The Associated Press

SINGAPORE — Jonathan Stark served fiercely and broke Michael Chang's service twice on Sunday, capturing his second career title with a 6-4, 6-4 victory in the Singapore Open final.

Chang, ranked second in the world, couldn't cope with Stark's blistering serves and well-placed shots. Stark wrapped up the match in 72 minutes with two straight aces from 30-30, giving him 15 aces for the match.

Stark, ranked 101st in the world, said his game plan was to put as much pressure as possible on Chang by taking high-risk shots and going for his second serves.

"I felt I had a lot of confidence the way I played this week," said Stark, who entered the main draw by winning a qualifier match and then defeated Jean-Philippe Fleurian of France, sixth seed Sjeng Schalken of the Netherlands, Martin Sinner of Germany and Thomas Johansson of Sweden. The Singapore Open was Stark's first title since 1993.

The top-seeded Chang started with four straight aces, relying less on speed than angles. But Stark broke his fellow American's service in the ninth game of the first set as Chang double-faulted at 0-40. He then served out the set.

Stark broke Chang's serve again in the third game of the second set. He cashed in on both break points he gained during the match, while saving two held by Chang.

Stark also won 94 percent — 33 of 35 — first-serve points compared to Chang's 26 of 31. Chang was unable to push Stark back from the net, missing with his lobs.

• In Lyon, Yevgeni Kafelnikov struggled early but then rushed past Arnaud Boetsch of France, 7-5, 6-3, to win the Lyon Grand Prix on Sunday.

The second-seeded Kafelnikov won his fourth title of the year to go along with the French Open and victories in Prague and Adelaide. It was the 11th career tournament victory for Kafelnikov, ranked No. 5 in the world.

Kafelnikov trailed 4-3 in the first set, then rallied to take the set. "The first set was critical," Kafelnikov said. "He was dominating, but I was able to get back." With the victory, Kafelnikov moved past Thomas Muster for the most singles victories this year at 67.

• In Leipzig, Germany, Anke Huber successfully defended her title at the Leipzig Open on Sunday, besting Iva Majoli of Croatia, 5-7, 6-3, 6-1.

The 21-year-old Huber, seeded fourth, advanced to the finals after world No. 1 Steffi Graf pulled out of the WTA tournament on Saturday, hours before they were to meet in the semifinals. Graf blamed a flare-up of a knee problem that has bothered her since Wimbledon in June.

The 19-year-old Majoli, ranked No. 4 in the world, led 3-0 in the second before losing her poise completely, either to fatigue or an injury.

The 'Big Mig' Question? Only Indurain Can Silence This Pack

International Herald Tribune

*Cycling/***SAMUEL ABT**

ISSY LES MOULINEAUX, France — That was a swell party they gave before the Paris-Tours bicycle race: bouncy music, good food, not-so-good wine but plenty of it, friends not seen since the end of the Tour de France two months ago. The only problem was the conversation. It was boring.

Nobody in the small world of bicycle racing wants to talk about anything these days except Miguel Indurain. Will he or won't he retire? Don't even try to talk about the ozone layer or the elections in Bosnia or what exactly is the European single currency. Indurain — is he gone or isn't he? — has become the sole topic of conversation.

"I turned off the saga a couple of weeks ago," said Neil Stephens, an Australian rider with the ONCE team in Spain, as he imitated a man — click! — switching off the television.

He is one of the few no longer paying attention. The Big Mig question dominated proceedings at the presentation of teams Saturday in Issy les Moulineaux, a Paris suburb, and at their hotels afterward.

There was no point in trying to find the one man who might have answered the question accurately — Indurain himself. He never rides in Paris-Tours, 244.5 kilometers (152 miles) of flat, windswept course. Nothing about this World Cup classic suits his strengths, so he stays home in Spain, training.

Not this year, though. He's in Spain, yes, but not training. He's down on the Costa del Sol with his wife, Marisa, and their infant son, Miguel Jr., taking in the sun.

The season will continue another month, including the world road race and time trial championships this week in Switzerland, but Indurain has nothing on his schedule except a series of exhibition races in Spain. Some people regard those races as his farewell to the countrymen who have cheered him through five successive victories in the Tour de France. Others think the races are just a nice gesture and, at $25,000 an appearance, a lucrative one.

After that? He's not saying. Indurain has an option year on his contract with the Banesto team, which pays him about $3.5 million annually, and has told anybody who asks that he does not yet know whether he will continue to race. He will decide in November, he says.

And, if the answer is yes, he will also decide then which team he will represent next season.

After a dozen years with the same management under different sponsors' jerseys, he is so hurt and angry that he is willing to listen to other offers. The line forms to the left: ONCE, Banesto's main rival in Spain, started wooing him intensely last month during the Vuelta a Espana.

The Vuelta, the Tour of Spain, is where all the talk about his possible retirement began. It was not a good race for Indurain, who knew it would not be a good race for him.

"My legs felt like blocks of wood," he said two weeks ago when he quit the Vuelta during a hard mountain stage. "It was impossible to breathe."

He had conferred with his Banesto team's doctor a couple of times during the stage before pulling off the road at the team's hotel 30 kilometers from the finish. Adios Vuelta.

"I had worse days in the last Tour de France," he said. "But the law of our sport is very hard and when you don't have good health, nothing good follows," he told the French newspaper l'Equipe.

"These things happen in sports," he added. "Bicycle racing, even when you're a professional, is only a sport. There are more serious things in life."

There went possibly his last attempt to win the only big Tour that has eluded him, the one in his own country. Five times the winner of the Tour de France and twice the winner of the Giro d'Italia, he has finished no better than second in the Vuelta.

Indurain had not even ridden in it the last few years, preferring to focus instead on the Tour de France in July and then the world championships in October. He did not intend to participate this season either, but was forced to by his team.

That was indignity No. 2, following the major humiliation of his career, 11th place in the last Tour and his dreadful 19th place on the stage into Pamplona, when hundreds of thousands of Spaniards turned out to see the local boy make good. When he finished more than eight minutes behind the winner in that stage, did his heart break in two or 22?

Next on the schedule were the Olympic Games, which, pleading exhaustion, he wanted to skip. Only an unpublicized appeal by Juan Antonio Samaranch, the Spaniard who heads the International Olympic Committee, and by King Juan Carlos of Spain persuaded Indurain to go to Atlanta, where he won the time trial.

People wrote then that Big Mig was back, not understanding that the results almost exactly duplicated the finish two weeks earlier in the Tour's last time trial, when Indurain finished second and Abraham Olano third to Jan Ullrich, a German with Telekom. With Ullrich absent in Atlanta, Indurain moved up to first and Olano, a Spaniard with Mapei, to second.

Then came the forced participation in the Vuelta. "In 12 years as a professional," he said, "it's the first time the team has imposed its wishes on mine, the first time the team has not let me decide my own program."

Indignity No. 3 preceded the start of the Vuelta when it became known that the Banesto team was trying to recruit for next season Olano, who looks like Indurain, often rides like him and, at 26, is six years younger than him.

Even if the Olano deal has not been signed, the implication was obvious: Banesto believed Indurain no longer could win the Tour de France and wanted another leader, in fact if not in name. Big Mig could spend his last season grooming his successor.

So Indurain is taking the rest of the year off, skipping the world championships, where he would have defended his title in the time trial and perhaps, after two second places, finally won the road race, his unspoken dream.

Will he or won't he retire? One guess is that he is too proud to quit so near what is for him the bottom.

■ Minali Wins Paris-Tours

Nicola Minali won the Paris-Tours cycling race for the second year in a row as the event celebrated its 100th anniversary, The Associated Press reported from Tours. Minali won the final sprint after the pack caught early leaders Richard Virenque and Assiat Saitov 500 meters from the finish.



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